

7/15/77 [3]

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	From Bourne to The President (2 pp.) re: Monthly Narcotic Report / enclosed in Hutcheson to Bourne 7/15/77 <i>2 pp sent 9/28/10 6 pp</i>	7/11/77	A

FILE LOCATION

Warter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Hand-
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THE WHITE HOUSE
WASHINGTON

July 15, 1977

Peter Bourne -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Monthly Narcotic Report #5

~~CONFIDENTIAL~~ ATTACHMENT

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 11, 1977

CONFIDENTIAL

cc To Bourne
J

MEMORANDUM TO THE PRESIDENT

FROM: Peter Bourne *P.B.*

SUBJECT: Monthly Narcotic Report #5

Colombia

We are scheduled to provide the promised briefing to President Lopez-Michelsen in Bogota on July 21, 1977. It will be conducted by Peter Bensinger of DEA, a representative of the Central Intelligence Agency under State Department cover and myself. *Good*

The material to be presented has been prepared with exceptional care, and consistent with your instructions we will carefully qualify the information we provide making it particularly clear the degree of certainty we attach to it.

It is also our intention to recommend to him that he set up, with our help, an Internal Security Division to further investigate corruption, appoint a special prosecutor, and consolidate the several fragmented law enforcement agencies dealing with narcotics.

We will also present to him photos of opium poppies growing in three separate locations in Colombia. The first hand evidence, which we have obtained only in the last week.

Heroin

Our efforts to reduce heroin flow to this country continue to be successful.

Figure 1 - Shows the steady decline in heroin purity by quarter (the actual figures for June were 4.9%)

Figure 2 - From a recent study, shows a remarkable parallel between heroin purity and burglary in the District of Columbia.

Include in drug message - "Lowest % in years."

F.B.I. crime figures to be released soon are expected to show a dramatic drop in nationwide crime during the last year, again paralleling the drop in heroin purity. It is something that you might want to take some of the credit for.

CONFIDENTIAL

DECLASSIFIED
per 6/4/09 State HX
NLY-01-076
BY *J* NARA DATE 9/24/10

~~CONFIDENTIAL~~

MEMORANDUM TO THE PRESIDENT

FROM: Peter Bourne

SUBJECT: Monthly Narcotic Report #5

Law Enforcement

The Drug Enforcement Administration has had a series of major arrests in the last month including 3 mid-level organized crime figures. They have seized more than 150 lbs. of heroin. Also, and we hope it is an isolated event, they arrested 3 Turks with 12 lbs. of heroin from Istanbul, the first time heroin of Turkish origin has been seized in this country since 1974.

The biggest problem in the law enforcement field remains the frequent inability to get convictions or significant sentences against even major traffickers against whom the evidence is overwhelming. Of those charged with Schedule II offenses (the more serious group of traffickers) in the last year 50 percent were released from jail prior to trial--45 percent on bail, 5 percent on personal recognizance with no money bail required. Most alarming, is that 43 percent of the narcotics and Schedule II defendants were recidivists. Of the narcotics/Schedule II defendants, 24 percent received probation and another 11 percent were sentenced under the Youth Corrections Acts; therefore, more than one-third of these serious drug violators received no jail sentence. Finally, the length of sentence for convicted narcotic/Schedule II violators is less than three years in prison for almost half (47 percent) of them. For the other convicted drug violators, 86 percent were sentenced to less than three years in prison. (To make the problem more acute, the average narcotics offender serves only 34.6 percent of his sentence after consideration is given for good behavior, parole, and other early release opportunities.) Some of the steps we are recommending to you in the drug message will begin to address this issue, but if we can not change the situation our chances of breaking up the major trafficking groups are not great.

DRUG MESSAGE - We had tremendous problems getting consensus on the drug message here in the White House and from the agencies because everyone thinks they are a drug expert even if they have no background or experience in this area. The final product which we sent to you this week is the result of a carefully derived consensus which I now feel is quite good.

PGB:ss

Attachments

~~CONFIDENTIAL~~

figure ①

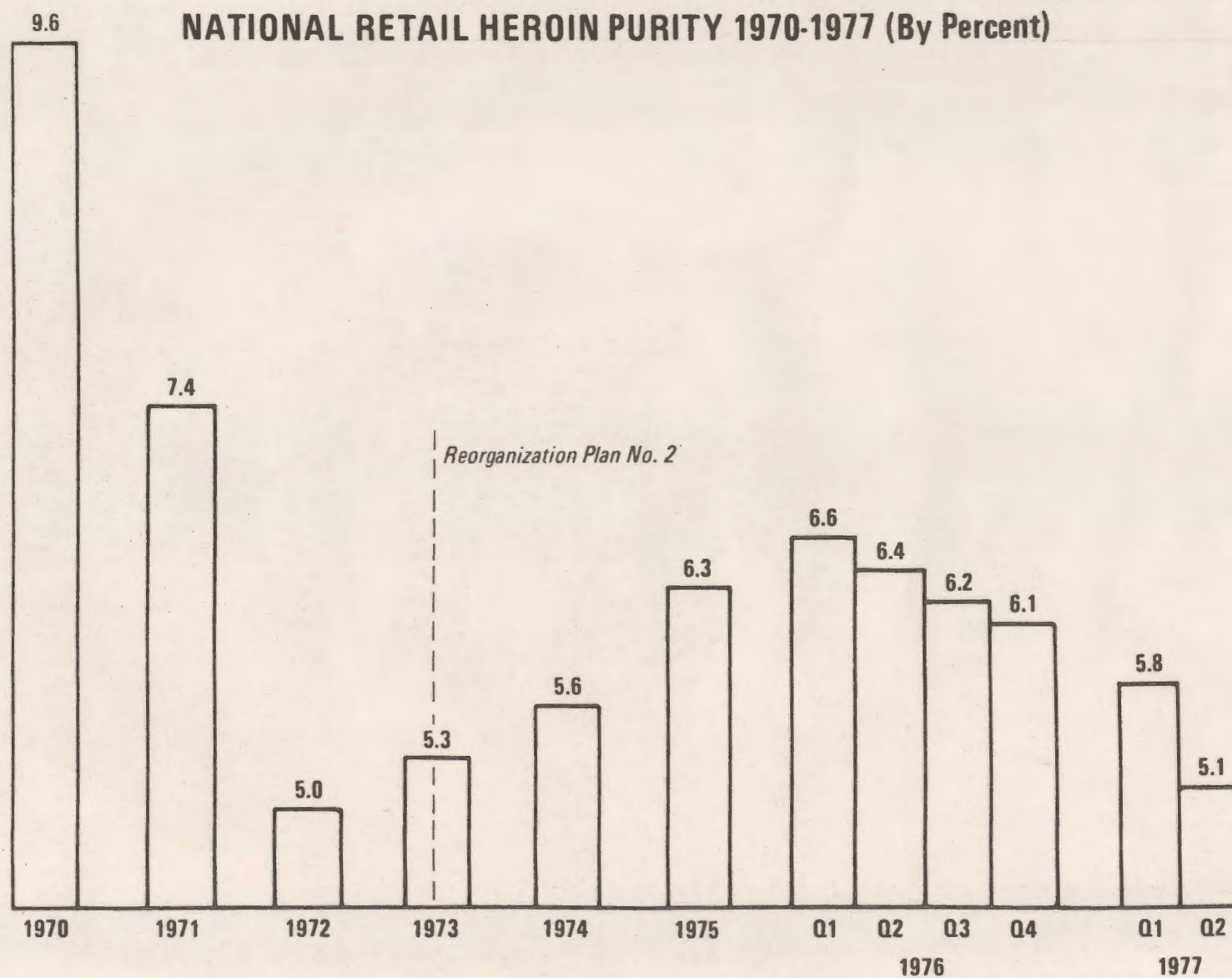


Fig. ②

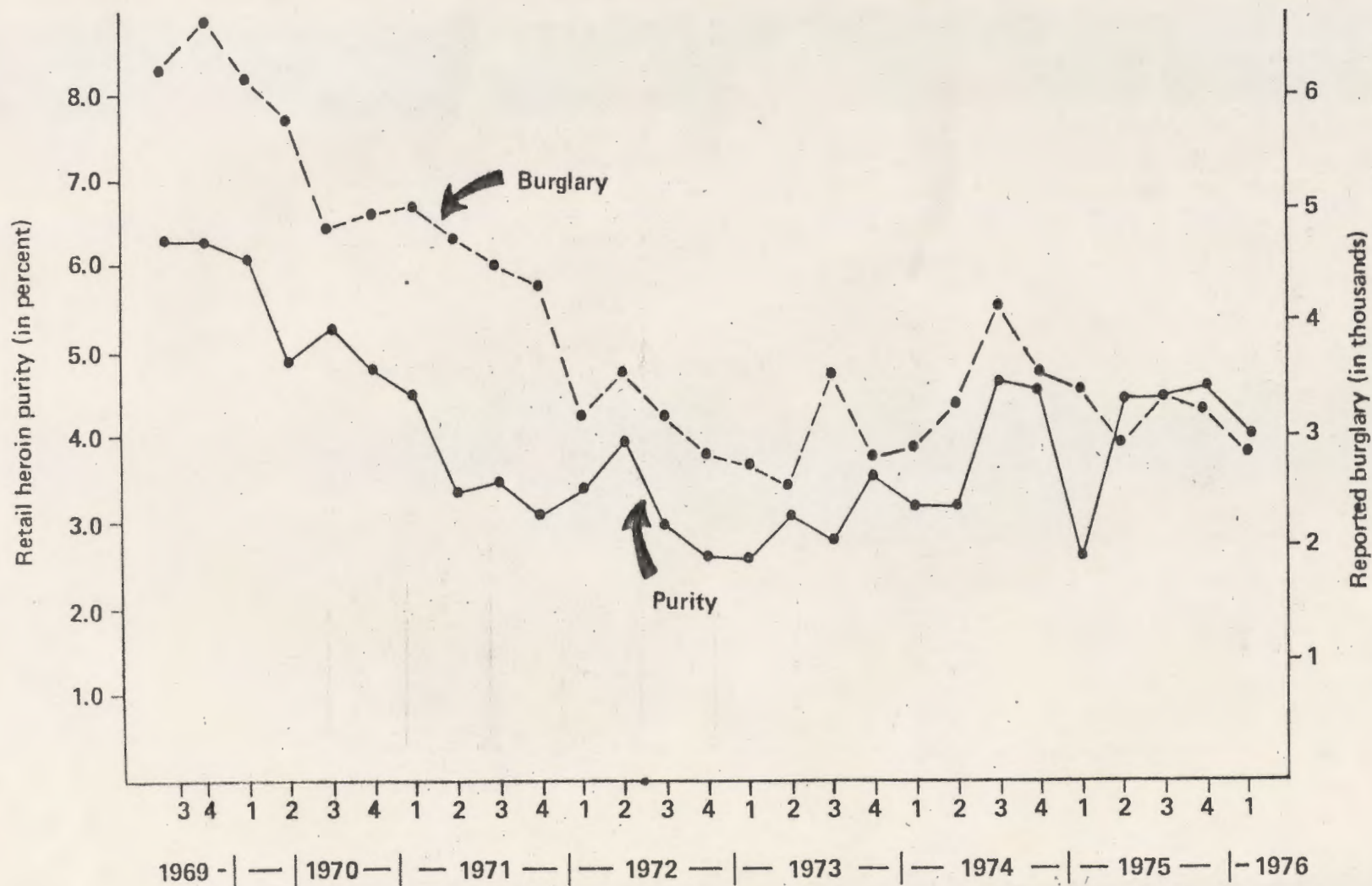


Figure 2 Retail heroin purity and reported burglary in the District of Columbia, 1969-1976

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

July 11, 1977

TO: Rick Hutcheson
FROM: Peter Bourne *P.B.*

The President asked that I provide him monthly a two page summary on narcotics. Attached is report #5.

PGB:ss

In safe

DECLASSIFIED
per 104109 Gabe Hv
MSC-01-026
BY *[initials]* NARA DATE *9/24/10*

THE WHITE HOUSE

WASHINGTON

July 15, 1977

SECRET ATTACHMENT

Z. Brzezinski

*Stu Eizenstat

* Jack Watson

Bert Lance

Re: State Proposal to Admit 15,000
Indochinese Refugees in the U.S.

The attached was returned in the President's
outbox and is forwarded to you for appropriate
action.

Rick Hutcheson

(*) Stu & Jack -- Please coordinate with
HEW and Labor

THE WHITE HOUSE
WASHINGTON

orig → 213

TO STA &
JACK - PLS
coordinate
w/ HEW & Labor

~~SECRET~~

ACTION
FYI

	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
X	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
X	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

~~SECRET~~

MEMORANDUM

4052 (redo)

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN.

SECRET GDS

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB*

SUBJECT: State Proposal to Admit 15,000 Indochinese Refugees
in the U. S.

(Include reactions of domestic agencies).

Secretary Vance wishes authorization to request the Attorney General to exercise his parole power to admit 15,000 Indochinese refugees in the U. S. during 1977-1978 (Tab A). Initial transportation and resettlement costs will be borne by State at an estimated cost of \$13.5 million. Much of this money would come from State's refugee emergency fund, most of which would have to be restored to the fund by a supplemental appropriation by FY 78.

You face decisions concerning:

- The basis upon which the refugees should be admitted.
- The level of post-resettlement welfare to be provided to the refugees.
- The advisability of developing a longer-term program for dealing with the problem.

This memorandum has been coordinated by my staff, with the staffs at OMB, HEW, Justice, Labor, Domestic Council, and State.

I. Options for Securing Entry

Option I. Do not admit anymore Indochinese refugees.

Discussion: This option rejects the State proposal and would rely on a special U. N. effort to resettle refugees elsewhere. It is not cost-free, since the U. S. would bear some burden -- between \$5-10 million per year -- to help resettle refugees elsewhere.

SECRET GDS

~~SECRET~~

Jay 11/1/79

~~SECRET~~

SECRET

2

Option 2: Seek Congressional legislation to admit the 15,000 (or more). This route would incur much delay and passage of the necessary legislation is not assured.

Option 3: Accept State plan to request the Attorney General to authorize use of the parole authority to admit 15,000.

Arguments For:

-- This is the sure and swift remedy.

-- We have a moral obligation to move swiftly; our human rights stand requires us to admit some of those who flee tyranny.

-- It would be fruitless to request the assistance of third countries, other than France, in solving the refugee problem without offering it ourselves.

-- While some Congressional (e.g., Eilberg, D. Pa.) displeasure might be aroused and Justice would take some heat, failure to go this route would result in strong media and Hill (Senator Kennedy) condemnation.

Arguments Against:

-- It is costly. In addition to initial costs, it will increase Congressional pressures to continue the substantial federal assistance program for all Indochinese refugees now in the U. S.

-- State's proposal is a band-aid solution to a long-term problem.

-- We have not yet explored possibilities for major U. N. resettlement effort in Southeast Asia.

RECOMMENDATION:

That you authorize State to request the Attorney General to exercise his parole authority to admit 15,000 Indochinese refugees in 1977-1978. (NSC, State, Labor, HEW, Lipshutz, and Watson recommend parole. Domestic Council recommends parole of 8000 boat refugees only. OMB and Justice make no recommendation.)

Approve ✓

Disapprove _____ *JC*

SECRET

~~SECRET~~

~~SECRET~~

SECRET

3

II. Options for Welfare Funding After the 15,000 Refugees Have Been Admitted

Background

150,000 Indochinese refugees now receive federally-funded special welfare assistance that costs about \$100 million per year through authorization that terminates on September 30, 1977. HEW has sought OMB reaction to proposed legislation to extend the authorization on a descending scale for three years, to which OMB has not yet responded. OMB staff finds it difficult to make a recommendation on welfare funding for the 15,000 until OMB decides on the preferable welfare funding for the 150,000.

Options

You must decide how the welfare benefits for the 15,000 should be related to the benefits for the 150,000. There are four choices, each with a drawback:

-- Provide full, special federal benefits to the 15,000, irrespective of the benefits provided the 150,000. Federal cost: \$11.2 million for FY 78 and \$36.0 million for FY 78-80. (This option would create pressure to continue the current, costly welfare program for the 150,000.)

-- Provide the same benefits to the 15,000 that the 150,000 will receive. The benefits for the 15,000 could be full, descending, or nil, depending on what happens to the 150,000. Federal cost for the 15,000: \$9.7 - \$11.2 million for FY 78 and \$23.7 - \$36.0 million for FY 78-80. (This option would make it more difficult to allow the current authorization to lapse on September 30.)

-- Provide no special federal benefits to the 15,000, regardless of the benefits provided the 150,000. Federal cost: \$1.3 million for FY 78 and \$5.3 million for FY 78-80. (This option would place a heavy burden on the states, induce Congressional opposition, and possibly create inequities.)

-- To defer decision on the welfare provisions for the 15,000 until you receive the OMB proposal concerning welfare policy toward the existing 150,000. (This option would mean that when announcement of the parole is made, no announcement could be made about welfare provisions.)

SECRET

~~SECRET~~

~~SECRET~~

SECRET

4

RECOMMENDATIONS: (Justice has none.)

That HEW seek to provide the same benefits to the 15,000 that the 150,000 will receive. (NSC, Domestic Council, Labor, State, and HEW concur.)

Approve _____

Disapprove _____

or

announcement
That you defer ~~decision~~ until you receive the OMB proposal on welfare policy toward the existing 150,000 refugees. (OMB staff supports this option.)

Approve _____ ✓

Disapprove _____ J

III. Interagency Study Under State Leadership for a Long-Term Policy on the Indochinese Refugees

Clearly, this program is a stop gap measure. We need a longer-term program which would ensure that other countries (Japan, Australia, France, Canada, Thailand, etc.) will bear an appropriate financial and resettlement burden and which grapples with welfare funding for the refugees once resettled in the U.S. or elsewhere. A capacity to admit 15,000 during the next 18 months will give us time to develop a more enduring solution.

RECOMMENDATION:

That you instruct State to chair an inter-agency task force with OMB, Labor, Justice, HEW, NSC, and the Domestic Council to develop a longer-term program for dealing with the Indochinese refugee problem. (NSC recommends approval.)

Approve _____ ✓

Disapprove _____

~~SECRET~~

SECRET

THE WHITE HOUSE

WASHINGTON

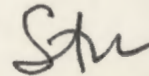
July 12, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT



SUBJECT:

Status of Indo-China Refugees

Last Friday, the National Security Council was prepared to submit to you a memorandum proposing the admission of 15,000 additional Indo-China refugees.

I was asked by Rick Hutcheson to comment and simply asked whether HEW and OMB had been consulted about any arrangements needed to provide for these people once they reached our country, and the potential cost of these arrangements.

Subsequent to my query, the National Security Council withdrew the memorandum and circulated it for review to appropriate domestic agencies. Comments are due back to the National Security Council by this afternoon.

Basic coordination of these issues continues to rest with the National Security Council. My only interest has been, and continues to be, that the domestic impact be raised with you at the time of your decision.

My staff is working closely with NSC, and a memorandum from NSC to you should be ready shortly.

I am attaching the comments which I have submitted to Zbig.

THE WHITE HOUSE

WASHINGTON

July 12, 1977

MEMORANDUM TO:

ZBIGNIEW BRZEZINSKI
MICHAEL OKSENBERG

FROM:

STU EIZENSTAT
FRANK RAINES

Stu

SUBJECT:

State Department Proposal
on Indochinese Refugees

We have reviewed, as you requested, your draft memorandum concerning the State Department proposal to admit 15,000 Indochinese refugees. Our concerns on this matter relate to (1) the need for a long-term plan for dealing with the refugee problem in that area, (2) the specific refugees proposed to be admitted, and (3) the relationship to the current HEW assistance program for Indochina refugees.

I.

We appreciate the urgency of the situation and agree that the United States has a responsibility to take a leadership role in coping with the refugee problem in Southeast Asia. Our concern is that the State proposal does not address itself at all to what our policy should be. It is not clear that admission of refugees to the United States is the only way to find a new home for new refugees.

We understand that many of the countries in Southeast Asia are reluctant to admit additional refugees until they have assurances that other permanent arrangements will be made for them. It would appear, though, that such assurances need not necessarily take the form of admitting refugees to the United States. We do not know whether State has taken steps to encourage efforts by other countries, or to augment the efforts of the UN High Commissioner. We also do not know whether the receiving countries in Southeast Asia, including Thailand, could be induced to retain the refugees if sufficient economic assistance were provided.

It seems clear that should the U.S. admit additional refugees there will be an incentive for additional refugees to escape and pressures later for more admissions to this country. Given the inevitability of these events it would seem to be incumbent on State to indicate how it proposes to deal with this problem in the long run.

It is our understanding that the use of the parole authority to admit the refugees would not be very popular on the Hill. You may want to check with Frank Moore to determine the likely reaction. One concern is that the Congress might seek to curtail future admissions by some limitation of the parole power. This could make the development and implementation of a long-term policy even more difficult. Perhaps we need to take the lead by proposing future legislative authority to admit Indochinese refugees at the same time that the Attorney General exercises his parole authority in this instance.

If we are really concerned about the fate of these refugees, it may be prudent not to jeopardize the future of tens of thousands of them in our haste to deal with the present emergency.

II.

It is our understanding that there are actually four classes of refugees involved. First, there are the 6000 boat refugees who are currently being provided only temporary resettlement, if any at all. Second, are some 6,500 refugees in Thailand who fled Vietnam because of previous involvement with the American presence. Third, is a group of 1,500 close relatives of refugees already in the United States. The fourth group is composed of the remaining 72,000 refugees in Thailand supported through the UN High Commissioner.

If the problem is to induce the countries receiving the boat cases to continue to admit refugees, on at least a temporary basis, the focus should probably be on moving the current boat refugees from those countries to a place of more permanent settlement. That more permanent settlement could be in the United States or in some other country. It could even be in Thailand if the current refugee population there were reduced.

This raises the question of which refugees to admit. The immediate crisis could be abated simply by admitting to the U.S. the boat refugees. However, these people, it would seem, have less claim for admission to this country than the relatives of current residents, the former associates or even many of the other refugees already in Thailand. There is no emergency need to admit the relatives or former associates, which may make use of the parole authority inappropriate. This leaves us with a situation where we may end up admitting lower priority people simply because we have the executive power to do so.

We would suggest that some thought be given to a trade with Thailand, permitting the permanent resettlement of the boat refugees in exchange for the admission of an equivalent number of refugees already in Thailand. This could reduce the admissions from 15,000 to 8,000. Justice will have to decide if this would be an appropriate use of the parole authority.

III.

We will need to closely coordinate the President's consideration of this issue and the proposed extension of the Indo-Chinese Refugee Program. OMB is apparently still considering the request from Secretary Califano.

The major policy concern is that the admission of more refugees will require continuation of the special welfare program. That would conflict with an expressed Administration desire to terminate the program, either immediately or on a phased basis. Given the experience of the states with the current refugee population it would probably be unwise to assume that no income maintenance or services will be required. On the other hand, if the new admissions should prove unpopular, an extension along the lines proposed by Secretary Califano might be difficult to obtain from Congress.

The political realities of the situation are that the admission of these additional refugees will make it impossible to terminate the HEW program on September 30 as currently planned or within the three year time frame suggested by Secretary Califano. This is a matter of considerable consequence on which the views of OMB will need to be reflected.

Conclusion: I would support allowing the Attorney General to use his parole authority, particularly if it can be done along the lines of the trade suggested above. However, a clearly defined plan with carefully prescribed limits on future entry should be immediately developed. The strategy you suggest of treating the new refugees in the same way as the old refugees for funding of welfare services is probably the best we can hope for.

THE WHITE HOUSE
WASHINGTON

Date: July 1, 1977

MEMORANDUM

FOR ACTION:

✓ Bert Lance *attached negative*
✓ Jack Watson **

FOR INFORMATION:

*7/6
Returned to
ZB for rewrite*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Z. Brzezinski's memo 7/1/77 re Indochinese Refugees

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

DAY: IMMEDIATE
TURNAROUND

DATE:

ACTION REQUESTED:

☒ Your comments

Other:

** Jack Watson --- Please obtain Secretary Califano's
comments on the attached.

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

Mr. President:

The Vice President, Jack Watson,
and Joe Aragon concur.

Stu Eizenstat concurs as long as
there are no budgetary implica-
tions.

Bob Lipshutz concurs, but has
questions with the timing of the
announcement; he suggests that it
be coordinated with the announce-
ment on undocumented aliens.

OMB's comments are attached.

Rick (wds)

THE WHITE HOUSE
WASHINGTON

Rosa,

Copies to Lane & Calyano (Through Watson) for immediate turnaround.

Thank you,



THE WHITE HOUSE

WASHINGTON

Date: July 1, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat *concur on assumption of no budget problem*
 Bob Lipshutz *concur w/ timing*
 Jack Watson
 Joe Aragon *concur, plus comment*

FOR INFORMATION:

The Vice President *concur's*
 Zbigniew Brzezinski
Possibly he could w/undoc alien amount.

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski's memo 7/1/77 re Indochinese Refugees

*OMB & H&W
 should review*

YOUR RESPONSE MUST BE DELIVERED
 TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Tuesday

DATE: July 5, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

But Camp
h/c to write amount needed
when they reach us, w/
advisable to raise w/
OMB & H&W w/ respect to
amount needed types of assistance
 No comment

LIMITED OFFICIAL USE

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THE WHITE HOUSE
WASHINGTON

limited official use

ACTION
FYI

<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input checked="" type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE

WASHINGTON

Date: July 1, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Jack Watson
Joe Aragon

FOR INFORMATION:

The Vice President
Zbigniew Brzezinski

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski's memo 7/1/77 re Indochinese Refugees

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Tuesday

DATE: July 5, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

LIMITED OFFICIAL USE

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone 7052)

Date: July 1, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Bob Lipshutz
Jack Watson
Joe Aragon

FOR INFORMATION:

The Vice President
Zbigniew Brzezinski

1977 JUL 1 AM 10

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski's memo 7/1/77 re Indochinese Refugees

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Tuesday

DATE: July 5, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur. *gw*

☐ No comment.

Please note other comments below:

LIMITED OFFICIAL USE

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone. 7052)

Date: July 1, 1977

MEMORANDUM

FOR ACTION:

Bert Lance
Jack Watson **

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Z. Brzezinski's memo 7/1/77 re Indochinese Refugees

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

DAY:

IMMEDIATE
TURNAROUND

DATE:

ACTION REQUESTED:

☒ Your comments

Other:

** Jack Watson --- Please obtain Secretary Califano's
comments on the attached.

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

Comments attached.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

July 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

JOE ARAGON JA

SUBJECT:

BRZEZINSKI MEMO RE INDOCHINESE REFUGEES

CONCLUSION

I concur with the recommendation submitted by Secretary Vance and Dr. Brzezinski.

DISCUSSION

The question is this: how will the admission of an additional group of refugees impact upon the "adjustment of status" of several hundred thousand Hispanic Americans currently being considered by the President?

The issue is whether or not the admission of the Indochinese refugees would create such public controversy that a negative public climate might result to the detriment of the impending policy on undocumented workers. However, in view of the dire circumstances in which the Indochinese refugees find themselves today, I believe it is more important to respond to the immediate humanitarian concerns than to focus too much on "political fallout" vis-a-vis undocumented workers. Moreover, I think the two issues are clearly distinguishable and further believe that admission of the refugees would be consistent with the President's position on human rights.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

INFORMATION

6 July 1977

TO: THE PRESIDENT

FROM: RICK HUTCHESON *RH*

SUBJECT: Staff Comments on NSC/State Memos
on "Indochinese Refugees"

The Vice President, Aragon, Watson, Eizenstat and Lipshutz concur. Aragon emphasizes the humanitarian need to move quickly. Eizenstat and Watson qualify their support by pointing out that the President should be aware of the full budgetary implications before making a decision.

Secretary Califano and OMB contradict the statements in the NSC/Vance memo with regard to budgetary impact.

1. OMB does not believe that the Vance memo presents a clear picture of State Department costs for transportation, resettlement and maintenance, with regard to current 1977 appropriations and prospective 1978 appropriations.
2. the NSC/State memos do not touch on any HEW-associated costs for additional refugees. At present, 25-35% of the Indochinese refugees in the US are receiving at least partial support from public funds (14% are solely dependent on aid). These welfare costs amount to about \$100 million per year. Additional welfare costs for the 15,000 refugees in question would amount to \$10 million, possibly as much as \$30 million. A supplemental appropriation would have to be sought for this purpose.
3. There is considerable congressional opposition to use of the Attorney General's parole power to admit additional Indochinese refugees - from the Senate Judiciary Committee, and from Cong. Eilberg (Chairman of the appropriate House subcommittee), who wrote Vance on June 29 strongly opposing further use of parole authority, according to OMB.

Califano does favor the admission of the refugees. Bo Cutter of OMB comments that it is difficult to argue with the point that the US has the responsibility to deal with the Indochina refugee problem.

OMB recommends that OMB, HEW, DoJ and State examine the matter further, including budgetary implications, and report back to the President.

_____ approve _____ disapprove

Date: July 1, 1977

MEMORANDUM

FOR ACTION:

Bert Lance
Jack Watson **

FOR INFORMATION:

1977 JUL 1 PM 2 37

FROM: Rick Hutcheson, Staff Secretary

SUBJECT:

Z. Brzezinski's memo 7/1/77 re Indochinese Refugees

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

DAY:

IMMEDIATE
TURNAROUND

DATE:

ACTION REQUESTED:

☒ Your comments

Other:

** Jack Watson --- Please obtain Secretary Califano's
comments on the attached.

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

Califano's comments are
attached. We think OMB
should be asked to assess
budgetary impact -- is a supple-
mental needed or not? -- before
the President sees the memo.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Watson/Frank



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

July 5, 1977 JUL 6 AM 9 42

NOTE FOR THE HONORABLE JACK H. WATSON, JR.
SPECIAL ASSISTANT TO THE PRESIDENT

Under the circumstances, I join those who believe the President should authorize the admission of 15,000 additional refugees from Indo-China into the United States, as requested by the Secretary of State.

For HEW, the impact of an affirmative decision by the President would be predominantly budgetary in character. Precise data for the Indochinese refugee population are not available. Present evidence suggests that between 25-35% are receiving at least partial income support from public sources, although only 14% of the refugee population appears solely dependent on cash assistance or other sources of aid.

Our program and budget planning for FY 1978, on the assumption of an extension of the current program for Indochinese refugees, is based on the estimate that a monthly average of 56,400 refugees will require cash assistance, plus an additional 18-20,000 eligible for medical assistance only. Our analysts estimate further that the federal share of the additional cash support and medical assistance costs for the 15,000 additional refugees would be \$11.2 million in FY '78.

We have been advised by the Department of State that they do not have funds that could be made available for HEW-associated costs for the 15,000 additional refugees. These funds would have to be sought through a supplemental appropriation.


Joseph A. Califano, Jr.

THE WHITE HOUSE
WASHINGTONLIMITED OFFICIAL USEACTION

July 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI

ZB.

SUBJECT: Indochinese Refugees

Secretary Vance wishes authorization to request the Attorney General to exercise his parole power to admit 15,000 Indochinese refugees into the U. S. (Tab A). Eight thousand would come from camps in Thailand; they have a special claim to our help because they worked directly for us or were closely associated with our efforts during the war. Seven thousand would be refugees who have escaped their homeland by boat. Approximately 500 people are escaping Vietnam monthly, and passing ships are beginning to refuse to pick them up because no country is willing to receive them.

This action has aspects of an emergency humanitarian effort, particularly since some of the boat escapees apparently die at sea.

State believes that funds are available or will be appropriated to cover the cost of the program. Further, these refugees probably will not become permanent burdens on the welfare roles. (Over 85 percent of all Indochinese refugee households recently admitted to the U. S. are now gainfully employed -- a remarkable record.) Further, the example we set will enable us to pressure our allies to be forthcoming on this issue.

Consultations with Congress are commonly undertaken prior to the Attorney General's exercise of his parole authority, but are not statutorily necessary. Congress concurred in 1976, when a decision was made to parole 11,000 Indochinese.

RECOMMENDATION:

That you authorize the Secretary to request the Attorney General to exercise his parole authority.

Approve _____ Disapprove _____

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THE SECRETARY OF STATE
WASHINGTON

7716405

4052

June 23, 1977

LIMITED OFFICIAL USE

MEMORANDUM FOR THE PRESIDENT
FROM: Cyrus Vance *crw*
Subject: Indochinese Refugees

ISSUE FOR DECISION

Many Indochinese refugees who are escaping by sea are drowning because, with no guarantee that they will be accepted by any country, masters of passing ships refuse to pick them up. The crux of the problem is to break the logjam on resettlement of refugees so that Asian countries will grant temporary asylum to those who reach their shores. There is a related problem of additional refugees flowing into Thailand by land.

I believe the United States bears a special responsibility for both groups of refugees -- a matter of basic human rights. I am therefore asking for your concurrence in a request to the Attorney General that he use his parole power on an urgent basis to admit 15,000 refugees into the U.S. to stop this tragic loss of life and suffering. Parole is utilized to admit aliens without respect to the numerical limitations for country or hemisphere or other grounds of inadmissibility, for humane considerations or for reasons rooted in the public interest. A discussion of funding implications begins on page 5.

DISCUSSION

Boat Cases

The Indochinese refugee problem is in every respect serious, but it is especially critical for the boat case refugees. Because resettlement offers for these refugees are not keeping pace with new

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- 2 -

arrivals -- now estimated at more than 500 per month -- the countries first reached by the boats are increasingly unwilling to allow the refugees to disembark for fear that they will be saddled with them for the indefinite future. Consequently, some refugees, after risking arrest or death to escape and then hazarding a voyage in small craft to a nearby country, are being forced back to the high seas. Frequently, large ships bypass boats in obvious distress because their masters doubt that rescued refugees could be disembarked and they cannot afford the economic burden of having refugees on board for weeks or even months.

Thai Camp Refugees

There are presently over 80,000 refugees languishing in camps in Thailand, receiving bare sustenance from the UN High Commissioner for Refugees. Of these approximately 8,000 have a special claim to our help because they worked directly for us or were closely associated with our efforts during the war, or who are immediate relatives of persons in the U.S. None of these people is currently eligible to enter the U.S. under existing immigration law.

Third Country Actions

We will continue efforts both bilaterally and through the UN High Commissioner for Refugees to get nearby countries to accord the boat case refugees temporary safehaven and to get other countries to participate more fully in the resettlement program of all categories of refugees. But many of the countries in the area are both overburdened by the refugees already within their borders and fearful of the social, economic and political consequences of harboring them for extended periods of time. Some other countries, France in particular, but also Australia, Canada and West Germany, have been generous in accepting permanent resettlement, but this has not been adequate to meet the problem. Meanwhile, the flow of refugees from Indochina continues.

U.S. Response

In light of the above it is clear that the U.S. must accept a substantial number of these refugees if this serious problem is to be alleviated. The most practical way to do this is by parole. The

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- 3 -

parole authority is vested in the Attorney General, under Section 212 (d) (5) of the Immigration and Nationality Act (INA).

Consultations with Congress are commonly undertaken prior to the exercise of the parole authority, though not statutorily necessary. In the past, the United States has made special provision through parole programs for about 20,000 refugees stranded in Thailand and other Southeast Asian countries, in addition to 125,000 who fled as Indochina was falling. In 1976, when approaching Congress on the intent to parole an additional 11,000 Indochinese (bringing the total to 145,000) the previous Administration indicated to Congress that it would not use parole authority to admit further large numbers of Indochinese. That statement was based on calculations which subsequently have proven to be serious underestimations of the continuing outflow of refugees. The situation is once again urgent.

In my view, both the past American role in Indochina and this Administration's deep commitment to human rights requires that we take immediate action.

I therefore urge that you authorize me to request the Attorney General to exercise his parole authority to admit up to 7,000 refugees who have escaped their homeland by boat, and another 8,000 who escaped by other means and are now in camps in Thailand, and who have a legitimate claim to our protection. By taking this action -- making the United States a haven of last resort if other resettlement arrangements cannot be made within a reasonable period of time -- we should be able to convince nearby countries to open again their gates and provide temporary asylum. This, in turn, would once again allow ships' masters to pick up refugees in distress without fear of economic penalty. It would also enable us to take early action to assist those refugees in Thai camps who have a special claim on us. Combining these two categories reduces the likelihood that we will have to go through the difficult process of approaching the Congress again.

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- 4 -

OTHER FACTORS

As soon as approval is given for a request to the Attorney General, I will launch a series of consultations with the UN High Commissioner for Refugees and other key governments to reinvigorate their programs of temporary asylum and permanent resettlement. Japan would be approached both to make additional financial contributions to the UN High Commissioner's program for Indochinese refugees and to accept additional refugees on a temporary basis.

At the same time, I will work with the Attorney General and HEW to develop a strategy for consultation with the Congress. In the past there has been some Congressional reluctance to class parole of Indochinese refugees based on high domestic unemployment levels. Based on this country's special obligations to the victims of the Indochina war, however, I am convinced that a continuance of the earlier parole efforts will be seen as a particularly special situation.

Moreover, I believe resettlement of these additional refugees in the U.S. at this time would not create any serious domestic problems. Since they would arrive here in small groups at widely spaced intervals -- as opposed to the massive, sudden influx of 1975 -- the refugees would go relatively unnoticed. There would be no need for any type of refugee camp as existed in 1975. Voluntary agencies would handle the entire resettlement of the refugees once they reach the U.S. For example, when the previous Administration in 1976 paroled 11,000 additional refugees into the country, the entire number was resettled quietly -- and efficiently -- by the voluntary agencies with only a very modest official role. Nor would there probably be significant additional welfare costs. Over 86% of all Indochinese refugee households in the U.S. now receive income from employment and only 13.6% are solely dependent on cash assistance (36% receive some form of assistance). Finally, the employment situation is much improved over the past two years and prospects are for more improvement.

If serious objections should be raised by Congress because of the numbers involved, we believe priority

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- 5 -

should be given to solution of the boat case problem since lives are at stake. We should, however, avoid promising that further parole action will not be necessary. If rates of escape remain high, we may again have to resort to this approach (although as noted this will be difficult).

FUNDING

There are basically two funding costs involved in paroling refugees: transporting them to the U.S. (approximately \$400 per person); and payment of initial resettlement expenses through grants to the voluntary agencies (\$250 per person). For FY 1977 we have enough funds for all refugees we could expect to process (up to 7,000). The Intergovernmental Committee for European Migration and the UNHCR have money available from U.S. contributions in 1977 to cover transportation expenses for up to 5,000 refugees. The U.S. Refugee Migration Assistance Emergency Fund has a current balance of \$5 million, a portion of which could be used for travel and related costs for an additional 2,000 refugees as well as the resettlement grants for all 7,000.

Congress will probably appropriate at least \$10 million to replenish the Emergency Fund for FY 1978. Depending on other requirements for the fund, this could be enough to resettle some or all of the other 8,000 refugees during FY 1978. If the fund is not sufficient, we could request a supplemental appropriation, since the Emergency Fund has a standing authorization of \$25 million.

RECOMMENDATION

That you authorize me to request the Attorney General to exercise his parole authority under Section 212(d) (5) of the Immigration and Nationality Act to admit up to 15,000 Indochinese refugees, giving priority to boat cases but also including others who have a legitimate claim to our protection.

Approve _____ Disapprove _____

LIMITED OFFICIAL USE

Date: July 1, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
~~Bob Lipshutz~~
Jack Watson
Joe Aragon

FOR INFORMATION:

The Vice President
Zbigniew Brzezinski

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Brzezinski's memo 7/1/77 re Indochinese Refugees

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Tuesday

DATE: July 5, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

I concur but I question the timing. It should possibly be coordinated with the undocumented aliens announcement.

M McKenna
Margaret McKenna
7/1/77

LIMITED OFFICIAL USEPLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone. 7052)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 5, 1977

MEMORANDUM FOR RICK HUTCHESON

FROM: BO ~~CUTLER~~

SUBJECT: Comments on Secretary Vance's
Memorandum to the President re
Indochinese Refugees

We believe that the general point implicit in Secretary Vance's memorandum, that the United States has the responsibility to deal in some way with the Indochinese refugee problem, is difficult to argue with. However, we do not feel that this memorandum presents a well articulated view of the entire problem nor a clear and complete view of the costs.

I have attached three points regarding the refugee program which we felt ought to be made. The most important of these points is the fact that OMB staff believes that another group of Indochinese refugees and the prospect of continuing inflows in the future will increase pressure to extend the special program of assistance which is now scheduled to terminate September 30, 1977. This may well be a choice the President wishes to make, but we do not believe that this current memorandum provides him with a good basis for making this decision.

We would suggest that the President ask that a more rigorous look at this question be taken by State, Justice, HEW, and OMB.

Attachment

1. The Brzezinski and Vance memos imply strongly that the welfare costs will be negligible. Over 36% of the present Indochinese refugees receive cash assistance under the special program that is scheduled to terminate on September 30, 1977. These welfare costs are roughly \$100 million a year; on this basis the welfare costs for new refugees would be at least \$10 million and could rise to \$30 million. After September 30, 1977, the Federal share would change from 100% to approximately 55% under the regular public assistance program. However, another group of Indochinese refugees and the prospect of continuing inflows into the indefinite future will enormously increase the present pressure by the States to extend the special program of assistance. Since the program applies to all Indochinese refugees, this would increase Federal costs by a further \$50 million per year.
2. The Vance memo does not present a clear picture of the additional State Department costs for transportation, maintenance and initial resettlement of the 15,000 parolees. State staff are unable to explain the funding situation (p. 5 of the Vance memo) and how it relates to current 1977 appropriations and prospective 1978 appropriations. The President should not be expected to make a decision without knowing its implications for additional appropriations.
3. There is considerable opposition in the Congress to the use of the Attorney General's parole power to admit additional Indochinese refugees. Mr. Eilberg, Chairman of the House Judiciary Subcommittee on Immigration, Citizenship and International Law, wrote to Secretary Vance on June 29 and very strongly opposed further use of the parole authority. The Senate Judiciary Committee is also likely to oppose parole.

THE WHITE HOUSE
WASHINGTON

July 15, 1977

Frank Moore -

The attached was returned in
the President's outbox today.
It is forwarded to you for hand
delivery.

Rick Hutcheson

cc: Stu Eizenstat
Zbig Brzezinski

RE: RESPONSE TO SENATOR CHURCH

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 13, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
BOB GINSBURG

SUBJECT: Response to Senator Church concerning
the U.S. Tax Treatment of Payments
Made by Oil Companies to OPEC Countries

Attached is the response you requested to Senator Church's letter concerning the U.S. tax treatment of payments made by oil companies to OPEC countries. We have discussed the general approach to be taken in this letter with Larry Woodworth and his deputies, IRS Commissioner Kurtz, and outside experts such as Stanley Surrey and Joe Pechman. There is general agreement that your letter should not either give the appearance of attempting to influence the conclusions to be reached by Treasury and IRS or convey your views on the technical legal issues involved. We have circulated the letter to Secretaries Blumenthal and Kreps and Chairman Schultze; each has either approved the letter or has no comment.

THE WHITE HOUSE

WASHINGTON

July 15, 1977

To Frank Church:

Thank you for your letter expressing your views on the U.S. tax treatment of payments made by oil companies to OPEC countries.

As your letter suggests, since U.S. tax laws provide more favorable treatment for foreign taxes than for royalties, there is an incentive for U.S. companies to structure their relations with oil-producing countries so that the payments will be considered taxes instead of royalties. This has been a long-standing problem.

As you know, in 1975 Congress considered the problem of distinguishing between taxes and royalties in the situations to which you refer. At that time, Congress limited the ability of U.S. oil companies to use tax credits derived from oil extraction to reduce their taxes payable on non-oil income. The 1975 limit was further tightened in the Tax Reform Act of 1976.

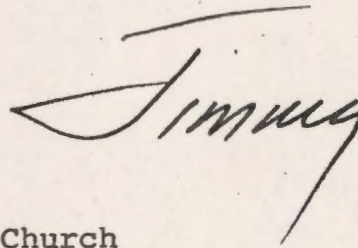
In addition to the royalty problem, there can also be other questions which may be raised as to whether a particular foreign tax is eligible for crediting. For example, in some cases there may be doubts as to whether a specific tax qualifies as an income tax or as a tax in lieu of an income tax.

Of course, neither the Treasury Department nor the Internal Revenue Service can comment on the tax status of individual companies since disclosure of tax return information is prohibited by law. Nevertheless, I can assure you that the issue with which you are concerned is presently being reviewed in both offices and that your thoughts on this matter will be weighed carefully.

Final determinations will be made on the basis of an examination of the applicable laws together with the detailed factual information in the specific cases involved.

I appreciate your writing to me on this important matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy". The signature is written in dark ink and is positioned to the right of the typed name.

The Honorable Frank Church
United States Senate
Washington, D.C. 20510

THE WHITE HOUSE
WASHINGTON

July 14, 1977

Bob Lipshutz -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President
Stu Eizenstat
Jack Watson
Bert Lance

RE: REDWOODS DECISION MEMORANDUM

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input checked="" type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

July 14, 1977

oh -
check legal
language
J

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT

Stu

SUBJECT:

Redwoods Decision Memorandum

Attached is a memorandum prepared by OMB and Interior concerning the one outstanding disagreement between them on the specifics of the Administration proposal to protect the Redwoods. Secretary Andrus has been concerned about the slow pace of OMB clearance of this bill, and hopes that when this issue is resolved the bill will be forwarded immediately.

If you approve, the bill will refer to the Secretary of the Interior as "trustee" for the National Park System. Interior feels this would be a helpful addition to their legal armor when they are faced with activities which threaten Parks; they also feel it would help build in long-term protection by obligating future Secretaries to place the highest standard on their management of National Parks.

OMB fears that this "trusteeship" responsibility might give Interior an avenue to escape normal checks and balances on the positions they take regarding National Park issues, similar to what they feel is happening on Indian affairs, and that it would allow outside groups to demand through litigation a higher standard of Park protection, thereby diminishing Secretarial discretion.

Because the Interior proposal would help realize your policies supporting protection of National Parks (and codify the existing trend in case law), I recommend that you approve the Interior position.

With regard to OMB's concerns, outside groups can bring suit now in any event. Moreover, the trust relationship can and should be carefully defined before Interior's bill is sent up, and should include management flexibility, but the fact that such careful definition should be developed does not negate Interior's desires here.

cc: Interior Br. official file ✓
Mr. Cutler DO Records
Mr. Cutter DO Chron
Mr. McIntyre
Mr. Sessions

NRD/Interior SLSessions/jet 7/13/77

Rewritten: AD/NRES:ERCutler:dmd 7/13/77

MEMORANDUM FOR: THE PRESIDENT

FROM: BERT LANCE

SUBJECT: Designation of the Secretary of the
Interior as Public Trustee for the
National Park System

ISSUE

Should the Secretary of the Interior be legally designated by legislation as the "public trustee and guardian" for the National Park System?

BACKGROUND

The Department of the Interior's draft bill on Redwood National Park would authorize expansion of the Park by 48,000 acres. Among other things, the bill would also provide the Secretary with authority to regulate harvesting of timber and land rehabilitation and management practices on private lands outside the Park but within the same watershed as Redwood National Park in order to protect park lands and resources from debris, erosion, floods, and other sources of damage. This authority has been written narrowly to address the specific Redwood problems while minimizing the precedents for broad Federal land-use regulatory authority outside the boundaries of Federal ownership. The Office of Management and Budget agrees with the Department of the Interior on this provision.

The only section of the bill remaining at issue is a provision which would establish the Secretary of the Interior as "the public trustee and guardian for the National Park System." In addition, the bill would authorize the Secretary to transfer funds to the Department of Justice, including the funding of a new, special section at Justice, to meet the additional legal requirements imposed as a result of these trust responsibilities.

Interior has proposed this new provision and argues that it is only a statement of existing responsibility. They strongly believe that the Department of the Interior must act as the

trustee of the National Park System for the benefit of the people of this country and the park resources themselves, and that there are advantages to having a formal statement to that effect.

PRO: SECRETARIAL DESIGNATION AS TRUSTEE

- It should help to protect the integrity of the National Park System from the possible abuses of future administrations. The park manager's question will necessarily shift from "what am I allowed to do to the park" to "what must I do for the park." Redwood National Park itself is a strong example of a lack of such a sense of responsibility in the past.
- It will permit the Department of Justice to more adequately protect National Park Service lands from harmful land-use practices on private lands, as an expression of the high standing and associated responsibility afforded National Park lands.
- It will encourage the Congress to rely on the discretion of the Secretary as the manager of the National Park System and permit the Department to avoid unnecessary and cumbersome technical park management requirements.
- By helping assure careful management, it should further encourage the donation of State and private lands to the National Park System. As you may know, the State of California has not as yet donated their parks to be a part of Redwood National Park. This provision should assist in our efforts to obtain that donation.

CON: CONTINUE CURRENT SECRETARIAL RESPONSIBILITIES

- Would invite extensive litigation where outside groups believe that the Secretary is not adequately carrying out his "trust" responsibilities to the parks, thus limiting the Secretary's discretion in determining the type and extent of park uses.
- The terms of the trust relationship are not spelled out in Interior's draft bill, and as the result of litigation the courts are likely to spell out and expand beyond existing requirements the Secretary's duties as "trustee," regardless of other public interest factors or budgetary limitations.

- Would result in loss of some management flexibility where the Secretary may currently balance protection of parks against other public interests, e.g., other beneficial uses of park lands, such as allowing access across park lands for private landowners with homesites blocked by a park or allowing pipelines to cross park lands. Such options may not be available to the Secretary as trustee, unless specifically authorized by the Congress.
- If the trustee relationship to parks is implemented by this Administration in the same way as it has implemented it in the case of Indians, the Secretary will be entitled to take positions before the Congress as a spokesman for park interests alone, even though such positions are at variance with the Administration's policy on a particular issue or transaction. This posture can make it difficult for the Administration to maintain its legislative and budgetary policies.
- Could result in the Secretary being asked to be a single-purpose spokesman for adding units to the Park System regardless of competing uses of candidate lands when Congress requires studies of possible additions to the Park System, because the Secretary is designated the trustee of the "System" which is defined to include lands now or hereafter administered for park purposes. Suits might be filed requiring the Secretary to recommend in favor of proposed additions to the system. This may not be consistent with the policies of this or future Administrations.
- Current laws regarding national park clearly indicate the Secretary's responsibilities regarding them. Indeed, the Secretary and this Administration have stated our policies in this respect quite explicitly. Further authority is unnecessary and the consequences are potentially troublesome.

RECOMMENDATION

Cecil Andrus strongly recommends the formal designation of the Secretary as trustee.

I recommend against such designation.

PRESIDENT'S DECISION

For ☐

Against ☐

THE WHITE HOUSE
WASHINGTON

July 15, 1977

Jody Powell

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: PRESIDENT FORD'S BIRTHDAY
CALL

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
X	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN

7/13/77

THE WHITE HOUSE
WASHINGTON

Lone
J

MR. PRESIDENT-

Tomorrow Thursday
the 14TH is former
Pres. Ford's 64TH birthday.

I think you could make
some points by calling
him to wish a happy
birthday.

Such little gestures
make criticism of you seem
petty.

Eric
Jorg

THE WHITE HOUSE
WASHINGTON

Coord & out Command
Assessment of personnel
Ability to set priorities
- Res resp for failure
Competition & Congress

11- GS 15 → 17 & Sched C

$$10 \times 11 = 110$$

$$Int = 3$$

Labors = 10 & fewer people

HEAD

THE WHITE HOUSE
WASHINGTON

July 15, 1977

Midge Costanza

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: STAFF AND INTEREST GROUP
REACTIONS TO PRESIDENT'S
ABORTION STATEMENTS

THE WHITE HOUSE
WASHINGTON

ACTION	
FYI	
	MONDALE
<input checked="" type="checkbox"/>	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
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MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

*Midge
J*

July 13, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: MARGARET "MIDGE" COSTANZA *mc*
SUBJECT: Staff and Interest Group Reactions to President's
Abortion Statements

I have received an overwhelming number of phone calls from public interest groups, individuals and White House staff members and Agency staff members expressing concern and even anger over your remarks at yesterday's news conference concerning the controversial issue of Federal funding for abortions.

The following specific remarks have generated the strongest reactions:

1. Federal funds should not be used to finance abortions "except when the women's life is threatened, or when the pregnancy was a result of rape or incest...it ought to be interpreted very strictly"; and
2. "I do not believe that either States or the Federal government should be required to finance abortions"; and
3. "...there are many things in life that are not fair, that wealthy people can afford and poor people can't."

On the first issue, those who have called me hope that you will reconsider your position and support the use of Federal funds for abortions when "medically necessary." *no*

On the second point, there are those who feel that in expressing your personal view on the role of the States in the question of funding for abortions, you have provided negative guidance to legislators and governors and interfered in a State process in an unfair way. As the Supreme Court ruling does not preclude

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the States from funding abortions, it was hoped by many women's groups that the question of government support for abortion could be successfully raised on a State-by-State basis.

If I had this much influence on state legis I would have passed

The strongest and most serious criticism received has been in reaction to your comments emphasizing the differences in opportunities available to the rich and to the poor.

Representatives of the Population Crisis Commission and Planned Parenthood have requested meetings with me on the issue of Federal funding as have several Members of Congress including Representatives Yvonne Burke and Charles Rose.

In keeping with our policy of openness, I will be holding meetings on the subject both on Friday and next Monday.

While meetings such as these with interest groups and other members of the public are routine in the Office of Public Liaison, I am in the extraordinary position of reporting to you on the reactions of members of the White House and Agency staffs.

I do believe that disagreement on this and other issues in this White House should be discussed openly among ourselves. Discussion is healthy. I know you share my view on this. Several men and women who have indicated their concern over yesterday's remarks have asked me to join them in a very personal and private memorandum to you on the question of use of Federal funds.

I shall take all the usual precautions against allowing any such memo to leak to the press and will hand deliver the memo to the Staff Secretary myself.

We respect your very personal, moral and religious feelings on this issue as we know you do ours.

Thank you so much, Mr. President.

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My opinion was well defined to U.S. during campaign. My statement is actually more liberal than I feel personally
J

THE WHITE HOUSE
WASHINGTON

July 15, 1977

Harrison Wellford
A. D. Frazier Jr.
Stu Eizenstat

The attached was returned in the
President's outbox and is forwarded
to you for your information.

The signed message has been
given to Bob Linder for appropriate
handling.

Rick Hutcheson

Re: EOP Reorganization



PRESIDENT'S
REORGANIZATION
PROJECT

WASHINGTON, D.C. 20503

THE PRESIDENT HAS SEEN.

July 14, 1977

*Pages should
be numbered
& rearranged
J*

MEMORANDUM FOR THE PRESIDENT

FROM: Harrison Wellford *HW*
A. D. Frazier, Jr. *ADF*

Attached is the final draft of your transmittal message to the Congress on EOP reorganization. We have reviewed the draft with Stu Eizenstat and Hamilton Jordan.

We have made one substantive change which has not previously been discussed with you. The Economic Opportunity Council, authorized in 1964 and largely ignored by all subsequent Presidents, still exists on the books as an EOP unit. Its only active function is the preparation of the Catalogue of Federal Domestic Assistance which is handled by OMB. We propose formal abolition of this unit before someone tries to revive it. *ok*

Our plan is to send the reorganization proposal to Capital Hill at ten o'clock Friday morning. Please let us know your response as soon as possible. *ok*

Attachment

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for Preservation Purposes**

REORGANIZATION PLAN NO. 1 OF 1977

Prepared by the President and transmitted to the Senate and the House of Representatives in Congress assembled, July 15, 1977, pursuant to the provisions of Chapter 9 of Title 5 of the United States Code.

EXECUTIVE OFFICE OF THE PRESIDENT

Section 1. Redesignation of Domestic Council Staff.

The Domestic Council staff is hereby designated the Domestic Policy Staff and shall consist of such staff personnel as are determined by the President to be necessary to assure that the needs of the President for prompt and comprehensive advice are met with respect to matters of economic and domestic policy. The staff shall continue to be headed by an Executive Director who shall be an Assistant to the President, designated by the President, as provided in Section 203 of Reorganization Plan No. 2 of 1970. The Executive Director shall perform such functions as the President may from time to time direct.

Section 2. Establishment of a Central Administrative Unit.

There is hereby established in the Executive Office of the President the Central Administrative Unit which shall be headed by the President. There shall be a Director of the Central Administrative Unit. The Director shall be appointed by the President and shall serve as chief administrative

officer of the Central Administrative Unit. The President is authorized to fix the compensation and duties of the Director.

The Central Administrative Unit shall provide components of the Executive Office of the President with such administrative services as the President shall from time to time direct.

Section 3. Abolition of Components.

The following components of the Executive Office of the President are hereby abolished:

- A. The Domestic Council;
- B. The Office of Drug Abuse Policy;
- C. The Office of Telecommunications Policy; and
- D. The Economic Opportunity Council.

Section 4. Appointment of the Assistant Secretary of Commerce for Communications and Information.

There shall be in the Department of Commerce an Assistant Secretary for Communications and Information who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall be entitled to receive compensation at the rate now or hereafter prescribed by law for Level IV of the Executive Schedule.

Section 5. Transfers of Functions.

The following functions shall be transferred:

A. All functions vested in the Director of the Office of Science and Technology Policy and in the Office of Science and Technology Policy pursuant to sections 205(a)(2), 206 and 209 of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (Public Law 94-282; 90 Stat. 459), are hereby transferred to the President. The Intergovernmental Science, Engineering, and Technology Advisory Panel, the President's Committee on Science and Technology, and the Federal Coordinating Council for Science, Engineering and Technology, established in accordance with the provisions of Titles II, III, and IV of the National Science and Technology Policy, Organization, and Priorities Act of 1976, are hereby abolished, and their functions transferred to the President.

B. Those functions of the Office of Telecommunications Policy and of its Director relating to:

(1) the preparation of national security, emergency, and other Presidential telecommunications policy options;

(2) disposition of appeals from assignments of radio frequencies to stations of the United States government; and

(3) procurement and management of Federal telecommunications systems,
are hereby transferred to the President. All other functions of the Office of Telecommunications Policy and of its Director

are hereby transferred to the Secretary of Commerce who shall provide for the performance of such functions.

C. The functions of the Office of Drug Abuse Policy and its Director are hereby transferred to the President.

D. The functions of the Domestic Council are hereby transferred to the President.

E. Those functions of the Council on Environmental Quality and the Office of Environmental Quality relating to the evaluation provided for by Section 11 of the Federal Nonnuclear Energy Research and Development Act of 1974 (Public Law 93-577, 88 Stat. 1878), are hereby transferred to the President.

F. Those functions of the Office of Management and Budget and its Director relating to the Committee Management Secretariat (Pub. L. 92-463, 86 Stat. 770, as amended Pub. L. 94-409, 90 Stat. 1247) are hereby transferred to the President.

G. The functions of the Economic Opportunity Council are hereby transferred to the President.

Section 6. Incidental Transfers.

So much of the personnel, property, records, and unexpended balances of appropriations, allocations and other funds employed, used, held, available, or to be made available in connection with the functions transferred under this Plan, as the Director of the Office of Management and Budget shall

determine, shall be transferred to the appropriate department, agency, or component at such time or times as the Director of the Office of Management and Budget shall provide, except that no such unexpended balances transferred shall be used for purposes other than those for which the appropriation was originally made. The Director of the Office of Management and Budget shall provide for terminating the affairs of all agencies abolished herein and for such further measures and dispositions as such Director deems necessary to effectuate the purposes of this Reorganization Plan.

Section 7. Effective Date.

This Reorganization Plan shall become effective at such time or times as the President shall specify, but not sooner than the earliest time allowable under Section 906 of Title 5 of the United States Code.

July 15, 1977

EMBARGOED FOR RELEASE UNTIL AFTER 1:30 P.M. PRESS BRIEFING
FRIDAY, JULY 15

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

The President today sent Congress a plan to reorganize the Executive Office of the President (EOP). He also acted to reduce the White House staff and took other actions to change certain functions of the EOP.

These were the major results of these Presidential actions:

- Reduce the number of full-time EOP staff positions from 1,712 to 1,459 -- a reduction of 15 percent.
- Reduce the number of EOP units from 19 on January 20, 1977 to 12.
- Reduce the number of full-time White House staff positions from 485 to 351 -- a reduction of 28 percent.
- Create a new Policy Management System within the EOP to better develop Presidential agenda, assign priorities among issues and better present issues and options to the President. This system reinforces the notion that the White House and Executive Office staff must use their proximity to the President to insure that the full resources of the government and the public are brought to bear on Presidential decisions in a timely fashion.
- Consolidate most of the present EOP administrative functions to a new Central Administrative Unit.

The current EOP contains 17 entities. The total budgeted authority of the EOP is approximately \$80,000,000. The President's actions are expected to provide net savings of \$6,000,000.

The proposed reorganization will discontinue the following units: Domestic Council, Office of Drug Abuse Policy, Council on International Economic Policy, Economic Opportunity Council, Office of Telecommunications Policy, Federal Property Council, Energy Resources Council. The President had previously eliminated the President's Foreign Intelligence Advisory Board and the Economic Policy Board.

This is a breakdown of the full-time staff positions and reductions

	Current Authorized Positions	Carter Reorg. Positions
Office of Vice-President	30	27
Intelligence Oversight Board	0	0
Office of Special Representative for Trade Negotiations	49	41
Office of Management and Budget	709	570
Central Administrative Unit	0	149
Domestic Council	40	43
National Security Council Staff	70	64
Council of Economic Advisers	42	35
Council on Wage and Price Stability	57	39
Office of Science and Technology Policy	32	22
Council on Environmental Quality	40	32
Office of Drug Abuse Policy	10	0
Economic Opportunity Council	0	0
Council on International Economic Policy	21	0
Office of Telecommunications Policy	41	0
Federal Property Council	0	0
Energy Resources Council	0	0
White House Office	485	351
Other	86	86
Totals	1,712*	1,459

*Total compares to 1,655 full-time permanent positions in the Executive Office of the President in the previous administration.

The EOP reorganization is the first formal reorganization proposal which the President will make concerning the Executive Branch of government. The EOP reorganization is the result of a 3 1/2 month study by the President's Reorganization Project. The study involved a comprehensive assessment of policy processes and organizational structure.

The EOP Reorganization Study had the basic objectives of making the EOP more efficient and more responsive. In analyzing the activities of the current EOP units, the study team identified functions and units which could be transferred or eliminated and identified opportunities to improve the procedural process by which the Administration policy is made.

EOP UNITS AFFECTED

<u>Unit</u>	<u>Result</u>
White House Office	<ul style="list-style-type: none"> ◦ Reduction in number of full-time positions ◦ Restructuring of some functions ◦ Control of use of temporaries, detailees, consultants
Vice President	<ul style="list-style-type: none"> ◦ Maintain current functions and structure ◦ Slight staff reduction through transfer to Central Administrative Unit
Office of Management and Budget	<ul style="list-style-type: none"> ◦ Internal reorganization of management arm to emphasize major Presidential initiatives such as reorganization, paperwork reduction, and regulatory reform ◦ Staff reduction ◦ Transfer Advisory Committee Management Secretariat to GSA ◦ Transfer some statistical policy functions to Department of Commerce
Council of Economic Advisers	<ul style="list-style-type: none"> ◦ Maintain functions and slight reduction of staff
Council on Wage and Price Stability	<ul style="list-style-type: none"> ◦ Retained ◦ Request for additional positions will be reserved ◦ CEA Chairman will be Chairman of formal Council
Economic Policy Board	<ul style="list-style-type: none"> ◦ Discontinued

Council on Environmental
Quality

- Retains Presidential advisory, NEPA oversight, interagency coordination, and long range analysis activities

- Some operational functions to be transferred to EPA

Council on International
Economic Policy

- Discontinue by allowing statutory authority to lapse on September 30, 1977

Domestic Council

- Domestic Council discontinued as statutory Cabinet committee
- Staff to be renamed Domestic Policy Staff
- Becomes the process manager for domestic and many economic policy issues

Economic Opportunity Council

- Discontinued

National Security Council

- Maintain current functions and structure with slight staff reduction

Special Representative for
Trade Negotiations

- Maintain current functions and structure with slight staff reduction

Office of Telecommunications
Policy

- Discontinued
- Small telecommunications staff retained in Domestic Policy Staff
- Management of government communications and arbitration of inter-agency disputes regarding frequency allocation transferred to OMB
- All other functions transferred to the Department of Commerce with a new Assistant Secretary for Communications and Information

Office of Science and
Technology Policy

- OSTP retains those functions that provide advice to the President and support policy formulation, budget review, and National Security issues
- Reorganization functions of President's Committee on Science and Technology included in President's Reorganization Project effort
- Functions of the Federal Coordinating Council, Intergovernmental Science, Engineering, and Technology Panels and President's Committee on Science and Technology and OSTP reports would be vested in the President for redelegation
- FCCST functions to sub-Cabinet working group chaired by Science Adviser; ISETAP functions to intergovernmental relations with Science Adviser as chairman and Reports to NSF

Office of Drug Abuse Policy

- Discontinued
- An Adviser in the White House on drug abuse and international health continued
- Other functions vested in the President for redelegation

Energy Resources Council

- Functions will be transferred to new Department of Energy

Federal Property Council

- Executive Order of January 1977 rescinded; GSA to handle functions and consult with Director of OMB as needed

Intelligence Oversight Board

- IOB retained

President's Foreign Intelligence Advisory Board

- Discontinued May 4, 1977

POLICY MANAGEMENT SYSTEM

The reorganization study found that there are limitations in how the present policy making system works to support the President on specific issues. To improve decisionmaking the President ordered the establishment of a more systematic process for the formation of domestic and economic policy. This process is called the Policy Management System (PMS).

PMS has the following advantages:

- . Create a new capability to develop the President's domestic and economic policy. Policy agendas would be recommended by a committee of Presidential advisers, with the Vice President as Chairman.
- . Strengthen the role of Cabinet Departments in developing Presidential policy by having the Departments involved in the early stages of policy formulation

The Domestic Policy Staff and National Security Staff will coordinate the process and assure that the resources of the government are brought to bear on the issue. They would also see to it that the views of Congress and the public are taken into account.

CENTRAL ADMINISTRATIVE UNIT

About 380 (22%) of the full-time, permanent EOP personnel are performing administrative support services in the EOP units. These services include: personnel, accounting, mail, library facilities, computer operations, messengers, payroll, etc. Most EOP entities outside of the White House and OMB are too small to provide a full complement of administrative services internally. They depend upon the White House, OMB, GSA, or some other Federal department for many of these services and sometimes upon more than one of these sources. This results in wide variation in the quality and completeness of administrative services in EOP and in uncoordinated administrative management for EOP as a whole. This has produced:

- o numerous service duplications;
- o inconsistent distribution of services;
- o excess capacity in some units and deficiencies in others;
- o missed opportunities for economies of scale; and
- o lack of cost control.

To address these deficiencies, administrative operations will be combined into a Central Administrative Unit in EOP to:

- o provide support in administrative services that are common to all EOP entities; and
- o provide technical support and coordination of the Zero Base Budgeting system in EOP.

Implementation of this proposal would result in:

- o estimated savings of approximately \$1.1 million and 40 positions;
- o an administrative base on which to develop service innovations, and improve service outreach to EOP users;
- o a management focus for accountability, responsibility and monitoring of administrative services in EOP; and
- o a base for an effective EOP budget/planning system through which the President can manage an integrated EOP rather than a collection of separate units.

This is a significant innovation since the EOP has never before been analyzed as a single unified entity serving the President.

The central unit would beheaded by a Presidential appointee.

PERSONNEL REDUCTIONS

The reorganization will achieve significant efficiencies while simultaneously protecting the interests of Federal employees.

The procedures set out in Federal law and regulations for personnel placements and reductions will be systematically followed. There will be a placement program to place excess employees in positions for which they qualify elsewhere in the government.

SUMMARY OF PRESIDENTIAL DECISIONS

1. Reorganization Plan Decisions

- ° Establish Central Administrative Unit
- ° Establish Domestic Policy Staff (discontinue Domestic Council)
- ° Transfer certain functions of Council on Environmental Quality to the President for redelegation
- ° Discontinue Office of Drug Abuse Policy and vest functions in President for redelegation
- ° Create Assistant Secretary of Commerce for Communications and Information
- ° Discontinue Office of Telecommunications Policy and transfer functions to Commerce, OMB, and Domestic Policy Staff.
- ° Vest some Office of Science and Technology functions to the President for redelegation
- ° Vest functions of Economic Opportunity Council in the President for redelegation
- ° Transfer the Committee's Management Secretariat function of the Office of Management and Budget to the President for redelegation

II. Presidential Directives

- ° Improve Policy Process Management
- ° Define responsibilities between White House and OMB on Intergovernmental Relations matters
- ° Reduce staff of White House Office

III. Executive Order

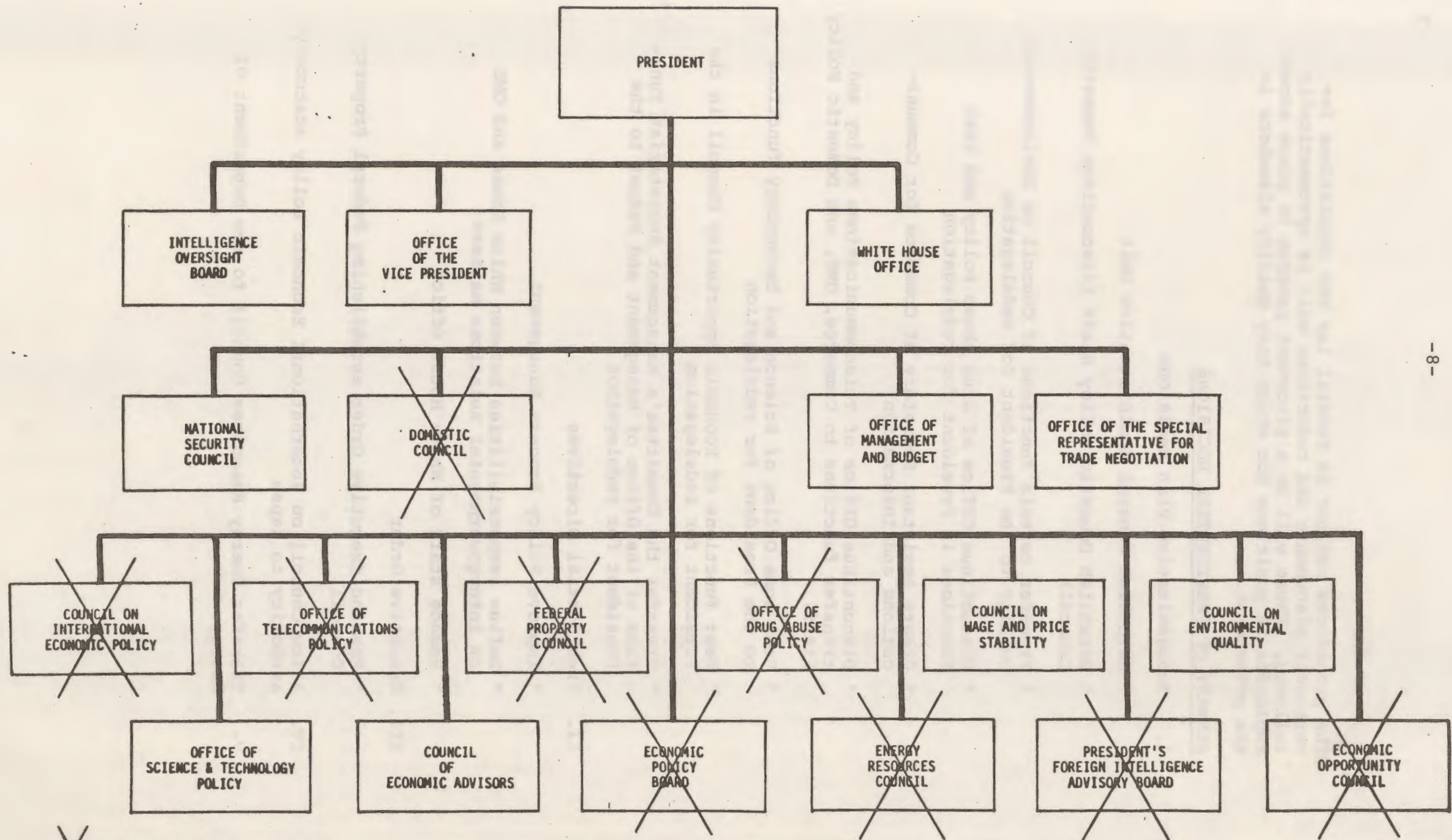
- ° Rescind Executive Order establishing Federal Property Council

IV. Allow Council on International Economic Policy statutory authority to lapse

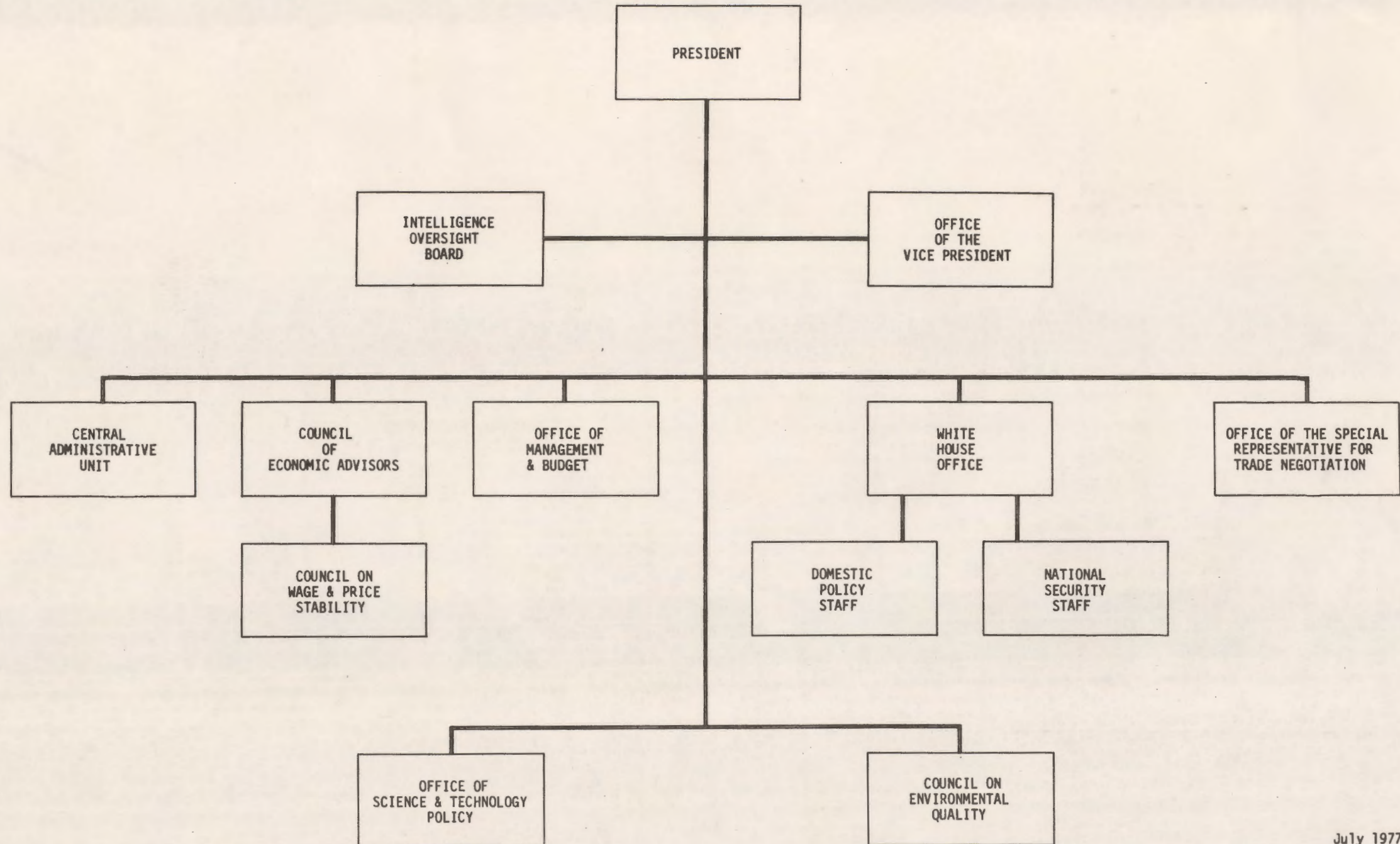
V. Transfer Energy Resources Council to new Department of Energy.

EXECUTIVE OFFICE OF THE PRESIDENT

January 20, 1977



EXECUTIVE OFFICE OF THE PRESIDENT



THE WHITE HOUSE
WASHINGTON

July 15, 1977

Jody Powell -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Industrial Production in June

EYES ONLY

THE WHITE HOUSE
WASHINGTON

*make sure
Jody gets -
this AM
Thanks*

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MOORE
POWELL
WATSON

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Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

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EYES ONLY FOR THE PRESIDENT

from Charles Schultze

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for Preservation Purposes**

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

July 14, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze

CLS

Subject: Industrial Production in June

The Federal Reserve Board will release tomorrow (Friday, July 15) at 4:00 p. m. its estimate of industrial production in June. The news is relatively good. The rate of increase of industrial output slowed to 0.7 percent -- compared with 1 percent in May, and an average monthly rise of 1 percent in the 4 months from February through May. An 0.7 percent rise, however, is still a healthy gain.

Production of nondurable goods rose very little in June -- only 0.1 percent. (Production adjustments are occurring in nondurable goods lines because consumer spending for nondurables has been weak in recent months, and inventories have begun to pile up.) Production of durable goods rose by 0.9 percent last month, led by strong increases in autos, business equipment and steel. The 1-1/2 percent rise in production of business equipment in June makes the third consecutive month in which output in this sector has risen by 1-1/2 percent or more. This is a very good sign, for it indicates continued strength in the critical area of business fixed capital spending.

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THE WHITE HOUSE
WASHINGTON

July 18, 1977

Susan-

Per your request, attached
is a copy of Status of
Presidential Requests.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

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<input type="checkbox"/>	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

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~~THE~~ PRESIDENT HAS SEEN.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

July 15, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

RICK HUTCHESON

SUBJECT:

Status of Presidential Requests

EIZENSTAT:

1. Prepare a draft message to Congress on the opportunity for regulatory reform and consult with the Cabinet -- In Progress, (meeting held 7/7 with OMB and CEA; expected 7/22, previously expected 7/14).
2. Can we issue instructions precluding dual compensation limitations for retired military officers?-- In Progress, (expected 7/22, previously expected 7/12).
3. Advise on memo concerning Patents and Independent Research and Development -- In Progress, (expected 7/22, previously expected 7/14).
4. Comment on the letter from the National League of Postmasters' President, Eugene Dalton, regarding personnel structure of the postal service -- In Progress, (expected 7/18, previously expected 7/9).
5. (and Kreps) Comment on the letter from Sens. Magnuson and Hollings on the Nation's ocean program -- In Progress; Stu may recommend a PRM on ocean policy (meeting with OMB, Commerce and Stu's office held 7/13).
6. Prepare answer as discussed with the President regarding the Frank Church letter on IRS rulings permitting payments to OPEC cartel countries to be credited against U.S. taxes -- Done.

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7. (and Watson) Give the President a list of all required reports from the Executive to the Congress; the President will try to eliminate some -- Done. (7/12) Prepare a letter from the President to the Congress acknowledging the need for accountability but urging joint assessment and elimination of outdated or unnecessary reports -- In Progress, (expected 7/20).
8. Briefly assess Senator Kennedy's press release on tax reform and simplification proposal -- Done. *done*
9. (7/11) Let's move on the 15,000 Indo-China refugees being admitted to this country in addition to current program -- In Progress, (with Brzezinski and State; cost analysis in progress with OMB; status report expected 7/22). *done*
10. (7/12) Let's do what we can to implement the final report of the Privacy Protection Study Commission and have someone advise the President -- In Progress, (expected 7/18).

JORDAN:

1. Let's firm up the Renegotiation Board -- In Progress, (Stu is preparing letters to Congress requesting support for President's position, expected 7/18).
2. See the President concerning the Schneiders' memo on White House Projects -- Message Conveyed.
3. (and the Vice President, Moore) Work out the judicial selection committee in states with no Democratic Senators; let Democrats do it. Setting up top flight selection committee comes first -- In Progress, (9 of 13 completed). *expedite*
4. Have Joseph Hendrie come in so that the President can discuss items from Frank Press' memo concerning Chairman, Nuclear Regulatory Commission -- Done. *done*
5. Reassess the memo concerning Director, Peace Corps -- Done, (meeting scheduled for 7/18 with Sam Brown). *done*

LIPSHUTZ:

1. Disposition of Papers of White House Staff members -- Done. Disposition of Presidential Papers -- In Progress, (expected 8/8).
2. (and Bell) You know of the President's promise to make the Attorney General independent of White House influence and control. Assess the President's campaign statements on the Attorney General. It was Bell's idea to begin with, concerning campaign commitment to establish an independent Attorney General -- In Progress, (expected 7/22, previously expected 7/15).
3. (and Eizenstat) Let the President review and then talk with the Attorney General about draft handgun control legislation -- In Progress, (with Stu, expected 7/18, previously expected 7/13).
4. (and Bell) The President wants to have a meeting to discuss organized crime -- Done, (meeting scheduled for 7/18). *Done*
5. (7/13) Who in Congress is in charge of status on Nixon tapes and materials?-- Done. *Done*

BOURNE:

1. We should prepare an overall message regarding drugs -- Done.

BRZEZINSKI:

1. (and Brown) Prepare procedures to expedite reclassification of the Viet Nam MIA's. Submit to the President; he will then decide the date for the DOD announcement, keep on schedule -- In Progress (with DOD, detailed plan expected for the President's review 7/18, previously expected 7/12). *hold to this schedule*
2. (Confidential) Vance and Bell should discuss Visa Policy with Eastland and Rodino, perhaps McGovern Amendment. Then the President will see the Congressional leaders -- In Progress, (with State; President approved Vance recommendation in evening report).

3. (and Chip, Bourne and Eizenstat) Get together and let the President know what we can do about world hunger -- In Progress, (Brzezinski will probably recommend a PRM on world hunger. Status report to the President 7/21).
4. (and Jordan) Prepare congenial answers; these papers are the arguments we must prepare to answer -- concerning the letter from 4 former Chiefs of Naval Operations on the Panama Canal -- In Progress, (expected 7/18).
5. (7/11) (and Brown) Keep the President informed about certification of qualifications of appointees to non-career jobs -- In Progress.
6. (7/13) (and Brown) (Secret) Please comment on the need for both the Tomahawk and the A Force ALCM -- In Progress, (with Brown, status report expected 7/22).
7. (7/13) (and Vance) Please get briefing material on Begin and other visits to the President at least 36 hours ahead of arrival -- Message Conveyed. *done*

CALIFANO:

1. Go over Treasury Plan (tentative) on tax reform with Eizenstat or Schultze -- Done, (in 7/11 Califano memo to Blumenthal, Schultze and Eizenstat). *done*
2. (7/11) Move on key test cases regarding medicaid fraud; Georgia working closely with project integrity staff -- Ongoing, (Califano plans to report developments to the President periodically).

SCHLESINGER:

1. (Personal and Confidential) Please comment on the GSA estimate concerning the Department of Energy location; joint proposal due to the President -- In Progress, (expected 7/17 from Schlesinger).

BLUMENTHAL:

1. Several people think that EPG meeting are too large. Try to limit total attendance to no more than 15, please comment -- Done, (in memo re reorganization). ?

KING:

1. Let the President know why it is necessary for Jean Wilkowski to have the rank of Ambassador while serving as Coordinator of U.S. Preparations for the U.N. Conference on Science and Technology for Development -- Done. *done*

FIRST LADY:

1. Let Amy write to Mary Marks (daughter of Congressman Marks) concerning a possible visit to the White House -- Done, (7/8). *done*

WATSON:

1. We need a way to handle emergencies a la Cloyd Hall's in Georgia when the President was Governor. Check with Frank and make a recommendation. (7/11) Please expedite creation of a task force to provide short-term solution until the entire disaster assistance program can be reviewed and revised -- In Progress, (recommendations to the President currently being reviewed by Senior Staff; to the President 7/18).
2. (7/11) Let's expedite the U.S./U.K. Bilateral Negotiations completion to be signed 7/23 in Bermuda -- In Progress, (recommendation by Adams being reviewed by Bell, Lance and Eizenstat; expected for the President's review 7/19).

SCHNEIDERS:

1. Talk to Senator Percy and/or Senator Humphrey regarding your memo concerning youth and the Administration. Let's not duplicate what they are doing; for young people world hunger may be better -- In Progress, (Greg has talked to Sen. Percy's office and is still waiting to hear from Sen. Humphrey's). *done*

LANCE:

1. (7/11) Our emergency loan/grant criteria are too lax; check with Sec. Bergland -- In Progress.

THE WHITE HOUSE
WASHINGTON

July 15, 1977

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: TELEPHONE CALLS TO SENS.
SARBANES AND STEVENSON

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
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<input type="checkbox"/>	FIRST LADY
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<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

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<input type="checkbox"/>	LANCE
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<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
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<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

*no problems
no focusing yet -
inclined to support
pending adverse
relations
J*

TO: Senator Adlai Stevenson

DATE: Thursday, 14 July, 1977 or early Fri. morning

RECOMMENDED BY: Frank Moore *F.M.*

PURPOSE: To urge support of Robert McKinney, your nominee for Chairman of the Federal Home Loan Bank Board.

BACKGROUND: The McKinney hearings will begin tomorrow (Friday, 15 July) and run through Monday. Senator Stevenson is inclined to support us, but needs shoring up.

- TALKING POINTS:
1. You have complete trust and confidence in Robert McKinney, a close personal friend, long acquaintance and very successful businessman.
 2. Because of your relationship with Bob, you are certain he can effectuate changes at the Board that you think are necessary, such as elimination of red-lining by thrift institutions.
 3. Because of his background in the metropolitan home lending industry, Bob is sensitive to the problems of urban decay and the role a local savings and loan can play in preserving the vitality of our inner cities. A person from outside the industry might not have the necessary background to deal with these problems effectively.
 4. There have been charges that Bob's Savings and Loan has itself engaged in red-lining in Indianapolis. Those charges are false. Even the opponent's figures show that First Federal, the savings and loan in which Bob has an

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interest, is third in mortgage money loaned to inner city borrowers during 1975 and 1976 among the 13 Indianapolis banks and thrift institutions.

5. With one exception, First Federal has loaned a greater percentage of its total savings to inner city borrowers than any other bank or S & L with major markets in Indianapolis. Opponents have attempted to prove charges of red-lining by comparing First Federal's record to that of other institutions in smaller segments of the Indianapolis inner city. In some of these smaller areas, a few other institutions do have better records than First Federal, but we are convinced this is due to branch location and market factors rather than a conscious policy of red-lining by First Federal.

DATE OF SUBMISSION: 14 July, 1977

ACTION _____

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

*Doubtful -
Consumer issue
J*

RECOMMENDED TELEPHONE CALL

TO: Senator Sarbanes

DATE: Thursday, 14 July, 1977 or early Friday morning

RECOMMENDED BY: Frank Moore *Fm.*

PURPOSE: To ask Senator Sarbanes to support Robert McKinney, your nominee for Chairman of the Federal Home Loan Bank Board.

BACKGROUND: Senator Sarbanes is skeptical about the nomination, but undecided at this time.

TOPICS OF DISCUSSION:

1. You have complete trust and confidence in Robert McKinney, a close personal friend, long acquaintance and very successful businessman.
2. Because of your relationship with Bob, you are certain he can effectuate changes at the Board that you think are necessary, such as elimination of red-lining by thrift institutions.
3. Because of his background in the metropolitan home lending industry, Bob is sensitive to the problems of urban decay and the role a local savings and loan can play in preserving the vitality of our inner cities. A person from outside the industry might not have the necessary background to deal with these problems effectively.
4. There have been charges that Bob's Savings and Loan has itself engaged in red-lining in Indianapolis. Those charges are false. Even the opponent's figures show that First Federal, the savings and loan in which Bob has an

interest, is third in mortgage money loaned to inner city borrowers during 1975 and 1976 among the 13 Indianapolis banks and thrift institutions.

5. With one exception, First Federal has loaned a greater percentage of its total savings to inner city borrowers than any other bank or S & L with major markets in Indianapolis. Opponents have attempted to prove charges of red-lining by comparing First Federal's record to that of other institutions in smaller segments of the Indianapolis inner city. In some of these smaller areas, a few other institutions do have better records than First Federal, but we are convinced this is due to branch location and market factors rather than a conscious policy of red-lining by First Federal.

DATE OF SUBMISSION: 14 July, 1977

ACTION _____

THE WHITE HOUSE
WASHINGTON

July 15, 1977

Bob Lipshutz

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

RE: PROPOSED RECOGNITION OF YOUR
MOTHER BY THE SYNAGOGUE
COUNCIL OF AMERICA

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
<input checked="" type="checkbox"/>	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 12, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz

BL

SUBJECT: Proposed Recognition of Your Mother by the Synagogue
Council of America (Umbrella Organization Representing
Total American-Jewish Religious Community)

With reference to the above matter, and pursuant to your and my
suggestion, she has accepted this invitation and will go to New York
on September 25.

Also, she is going to give the \$18,000 award to charities, etc.

P.S. -- She sends you her love.

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for Preservation Purposes**

*Bob - oh, but
let the award be
given directly to
a charity - preferably
a local mental health
facility - maybe at
home - for blacks -
(if this suits her)*

THE WHITE HOUSE
WASHINGTON

July 15, 1977

The Vice President -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Stu Eizenstat
Hamilton Jordan
Frank Moore
Jody Powell
Jack Watson

RE: VOTER REGISTRATION BILL

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

<input checked="" type="checkbox"/>	MONDALE
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<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

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48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
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<input type="checkbox"/>	H. CARTER
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<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

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<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE PRESIDENT HAS SEEN.



OFFICE OF THE VICE PRESIDENT
WASHINGTON

July 14, 1977

*Fritz -
I'll defer to
your judgment
J*

MEMORANDUM FOR THE PRESIDENT

FROM: THE VICE PRESIDENT
SUBJECT: VOTER REGISTRATION BILL

As you know, the voter registration bill has been tentatively scheduled for next week, and Congressman Frank Thompson must let the Speaker know by Friday Noon whether he intends to proceed.

We were all shocked today to learn that the House Whip count shows us well short of the number of votes for passage. According to the count, we're not even close. The question now is whether we 1) try to go ahead and bull it through, 2) delay until September and try again, 3) compromise in order to pick up enough votes.

Option 1: Go Ahead - No one believes the votes are there for passage. Further, we face the prospect of embarrassment if the Republicans succeed in attaching their disabling amendments, as is likely. Finally, neither the Speaker nor Thompson is prepared to go ahead under these conditions, and it is extremely unlikely that they could be persuaded to do so. They are both very mindful of the common situs defeat and are not, understandably, anxious to risk a repeat.

Option 2: Delay - It's difficult to see what we could do with more time that we haven't already done. I have talked personally with close to 50 members on this bill. Dick Moe has been virtually living on the Hill and has met with even more than that number. Frank Moore and his staff have worked on it constantly. There is, unfortunately, no real constituency for this bill. All the members got elected without it and

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they don't see how it will help them. On the contrary, it inserts a new element of uncertainty into their re-election prospects, and, while they don't always say so, they are very suspicious of the effect it will have. As a result, there is no enthusiasm anywhere in the House for it -- certainly not in the leadership -- except for Thompson and a few younger members. With these attitudes already set, I just don't see how additional time will allow us to change enough of them.

Option 3: Compromise - There are two possibilities:

a) Require the states to adopt either election day registration or post-card registration and give them funds in either case. The fraud problems with mandatory post-card are, if anything, even more severe and it wouldn't buy us much new support. No one is very enthusiastic about this possibility.

b) Make the bill totally optional with the states. This is the option that Frank Thompson, Ham, Frank Moore, Bill Cabel, Dick Moe and I all recommend.

Election day registration is clearly an idea whose time is coming, but it's apparently not here yet. The worst thing that could happen to its eventual acceptance would be if it suffered an outright defeat in the House. It would set the whole cause back for years. Therefore we think it's important to get some kind of law on the books with a strong incentive to the states, and then work hard on the states to comply. With the vast majority of governorships and legislatures in Democratic hands, we think a significant number of them, including many key states, will adopt the system. Ohio already has, and others like Texas, California, Iowa, and Florida are simply waiting for the Congress to act. With a strong financial incentive and our encouragement, I believe many of them will act before 1980.

So far, we have focused our efforts almost exclusively on the House. If anything, we're in even worse shape in the Senate where we have to muster 60 votes for cloture. It's our judgment that cloture would be virtually impossible if the bill remained in its present form. As you know, Bob Byrd has said he doesn't even want to schedule it this year. It's almost certain that we would have to make the bill optional to get it through the Senate.

This is an unhappy decision, Mr. President, not only because we believe in this bill and have worked hard on it but because we know how important it is to you. Nonetheless, as disappointed as we are, we all believe that half a loaf in this case is clearly better than none. Please indicate your preference so that Congressman Thompson can inform the Speaker of his intentions by Noon.

_____ Go Ahead with the vote next week

_____ Delay until September

_____ Try for the Election Day/Post-card compromise

_____ Go with the state option compromise

THE WHITE HOUSE
WASHINGTON

July 15, 1977

Jim Fallows
Tim Kraft

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

RE: URBAN LEAGUE SPEECH

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
X	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

X	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 14, 1977

*I don't want
to make it
J*

MEMORANDUM TO THE PRESIDENT

FROM: JIM FALLOWS AND ACHSAH NESMITH *JSF* + *JL*

SUBJECT: Urban League Speech

Should you decide to make the Urban League Speech, tentatively scheduled for the 25th, what would you like to talk about? Several possibilities have been mentioned:

1. Charles Schultze and several people on the Domestic Council staff suggested a general discussion of current programs -- jobs, education, HUD, etc., with perhaps a comment on your Title VI memo (non-discrimination in federal programs). We think such a speech would not break much new ground.
2. A speech on civil rights and your goals for our people in the areas of health, jobs, education, equal opportunity, relating them to current programs and your plans and objectives for welfare and tax reform and national health insurance. Such a speech would stress that reorganization, energy plans and budget-balancing do not indicate a turning away from your focus on human concerns.

Bunny Mitchell favors this approach. She detects a kind of "floating concern" about your priorities, especially among civil rights leaders, and feels this is a perfect forum and the ideal time to allay such fears.

3. HUD would like a speech about cities and what you plan for them.
4. Landon Butler thinks that it might be a good time to give a run-down of Andy Young's accomplishments in Africa, perhaps with other items.

###

THE WHITE HOUSE
WASHINGTON

July 15, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *FM*
SUBJECT: PUBLIC WORKS BILL

Tom Bevill (D-Ala) is the one pushing the Speaker. Congressmen Bevill and George Mahon (D-Texas) think they can deliver on the bill. The Speaker will give Bevill a letter saying that he has talked with you and that you would sign the bill with the conditions that you gave the Speaker. The conferees will probably be appointed Monday and meet on Wednesday of next week.

We will be calling the people who voted with us on the water vote and telling them there is a chance a bill might come down here you could sign, and it was due to their great help that we were able to be in the position of cutting out all new starts.

cc: Secretary Cecil Andrus
Hamilton Jordan
Stu Eizenstat

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THE PRESIDENT HAS SEEN.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

2

JUL 15 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance
Director

BRL

SUBJECT: Senate Committee Action on Water
Agencies in the Public Works
Appropriations Bill

The Senate Appropriations Committee in its report on the Public Works Appropriations Bill accepted some of your recommendations on ongoing water projects and has deleted all new starts. It is a sharp change from the version of the bill passed by the House, which included new starts and accepted your recommendations on ongoing projects in only one case. These differences will be resolved when the bill goes to conference, probably after July 11, when the Congress returns from recess. We anticipate that the bill will be passed by the Senate substantially in the form reported by the Committee.

The highlights of the bill are set forth below.
(Details on specific projects and budget totals are provided in the attachments).

1. The House concurred in our recommended deletions only on one project. The Senate Committee concurred on seven of the 15 projects that you recommended for deletion and recommended modification of an eighth that will substantially meet your objections.

Of the three projects you recommended for deletion pending study, the Senate deleted one, funded one pending further study and deleted one pending further study.

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Of the five projects recommended for modification the Senate has concurred in three.

2. The House added 14 unbudgeted new construction starts, and 6 new small reclamation loans. The Senate Committee accepted your recommendation for no new construction starts. (One project the Mississippi River, Baton Rouge to the Gulf project, remains in the Senate version on the thesis that it is a "resumption," not a new start). The Senate Committee accepted the House addition of 6 unbudgeted small reclamation loan starts.
3. The Senate added 31 new Advance Engineering and Design starts. These projects could eventually cost \$2.5 B. However, this is a reduction of \$2.5 B from the House bill. Your budget did not include any.

Attachments (rewritten by Eizenstat)

THE WHITE HOUSE

WASHINGTON

July 18, 1977

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT
KATHY FLETCHER

Stu

SUBJECT:

Comment on OMB Analysis of Senate
Action on Water Projects

The OMB memorandum generally summarizes the action of the Senate on water projects. It includes detailed information on projects proposed for new starts, but does not give a project-by-project breakdown on your recommendations for deletions and curtailments. Following is such a breakdown:

Deleted and Curtailed Projects

(dollars in millions)

	<u>Your Recommendation</u>	<u>House Bill</u>	<u>Senate Bill</u>	<u>Total Project Cost Remaining</u>
1. Grove Lake, Kan.	0	0	0	83.9
2. LaFarge Lake, Wis.	0	2,000,000	0	36.9
3. Lukfata Lake, Okla.	0	200,000	0	29.6
4. Meramec Park Lake, Mo.	0	10,000,000	0	88.7
5. Yatesville Lake, Ky.	0	7,200,000	0	42.7
6. Fruitland Mesa, Colo.	0	7,702,000	0	82.5
7. Savery-Pot Hook, Colo. and Wyoming	0	5,992,000	0	71.3
8. Narrows Unit, Colo.	0	9,700,000	0	139.2
9. Oahe Unit, S. Dak.	0	16,960,000	0	414.4
10. Bayou Bodcau, La.	<u>0</u>	<u>2,400,000</u>	<u>1,200,000</u>	<u>10.0</u>
TOTALS: deletions and curtailment	0	62,154,000	1,200,000	999.2

Funded Projects

	<u>Your Recommendation</u>	<u>House Bill</u>	<u>Senate Bill</u>	<u>Total Project Cost Remaining</u>
+*1. Richard B. Russell Lake, Georgia, S. C.	0	21,000,000	21,000,000	254.9
*2. Cache Basin, Ark.	0	2,000,000	2,000,000	88.5
+*3. Columbia Dam, Tenn.	0	20,000,000	20,000,000	110.4
+4. Auburn Dam, Calif.	0	39,710,000	39,710,000	898.6
+*5. Bonneville Unit, Central Utah Project, Utah	15,000,000	32,965,000	31,965,000	687.6
*6. Atchafalaya River-Bayous Boeuf, Black, Chene, La.	0	5,100,000	6,300,000	10.1
7. Applegate Lake, Ore.	0	7,400,000	7,400,000	74.0
8. Hillsdale Lake, Kan.	0	14,000,000	14,000,000	38.6
9. Tallahala Creek, Miss.	0	5,000,000	5,000,000	52.0
TOTALS	15,000,000	147,175,000	147,375,000	2,214.7

* = Environmentally significant

+ = Budgetarily significant

In the amendments we supported on the House and Senate sides, we did not tackle Auburn, however, because under the bills we can withhold funding pending safety analysis.

Other Modifications

1. Garrison: fully funded by the bills, but an out-of-court settlement is in force which will govern FY78 spending.
2. Central Arizona Project: modifications in subsequent years.
3. Mississippi River-Gulf Outlet: planning change approved.
4. Tensas Basin: elimination of channelization approved.
5. Central Utah Project: listed above, under "Funded" projects.

Strategy on Projects Not Deleted by Senate

You have indicated you would like to pursue either a rescission or deferral strategy on at least R. B. Russell and perhaps others of the list of 9 projects funded in the Senate bill against your recommendation.

Deferrals can be overturned by majority action of either chamber. Inaction by the Congress is de facto approval. Rescissions require affirmative approval by the Appropriations Committees of both chambers. Therefore, a deferral strategy seems more promising. The politics of each project vary.

1. Russell -- strong support in the Senate; overturning of deferral likely.
2. Cache -- deferral might well prevail due to lukewarm support; a deferral of construction funds and maintaining funding for purchase of wildlife lands would be a promising option.
3. Central Utah Project -- strong support of Western delegations; prospects on deferral unclear.
4. Columbia -- need further analysis.
5. Atchafalaya River and Bayous -- strong support, especially in Senate; overturning of deferral likely.

These are the most significant projects (see above analysis of "Funded" projects). We will work further with Frank Moore to learn more about the likelihood of succeeding with deferrals.

CORPS OF ENGINEERS,
BUREAU OF RECLAMATION, TVA

Budget Authority
(\$ in millions)

	<u>1977</u>	<u>1978 Budget</u>	<u>Changes in 1978 House</u>	<u>Budget Senate</u>
Construction	2497 <u>1/2/</u>	2231	+220	+196
Operation and Maintenance	811	918	-20	-16
Other	425 <u>3/</u>	292	+19	+26
Total	<u>2723</u>	<u>3441</u>	<u>+219</u>	<u>+206</u>

- 1/ Senate Committee has recommended rescission of \$12 M of 1977. funds for projects where it concurred with the President on deletions.
- 2/ Includes \$200M in Teton Dam disaster relief payments.
- 3/ Includes \$130M in drought relief payments.

THE WHITE HOUSE

WASHINGTON

Date: July 15, 1977

MEMORANDUM

FOR ACTION:

Frank Moore - *probably should
go to the President.*

FOR INFORMATION:

The Vice President
Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Jody Powell
Jack Watson

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance's memo dated 7/15/77 re Senate Committee Action
on Water Agencies in the Public Works Appropriations
Bill

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00

DAY: Monday

DATE: July 18, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: July 15, 1977

MEMORANDUM

FOR ACTION:

Frank Moore

FOR INFORMATION:

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ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.*Please note other comments below:*

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 15 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance
Director

SUBJECT: Senate Committee Action on Water
Agencies in the Public Works
Appropriations Bill

The Senate Appropriations Committee in its report on the Public Works Appropriations Bill accepted some of your recommendations on ongoing water projects and has deleted all new starts. It is a sharp change from the version of the bill passed by the House, which included new starts and accepted your recommendations on ongoing projects in only one case. These differences will be resolved when the bill goes to conference, probably after July 11, when the Congress returns from recess. We anticipate that the bill will be passed by the Senate substantially in the form reported by the Committee.

The highlights of the bill are set forth below.
(Details on specific projects and budget totals are provided in the attachments).

1. The House concurred in our recommended deletions only on one project. The Senate Committee concurred on seven of the 15 projects that you recommended for deletion and recommended modification of an eighth that will substantially meet your objections.

Of the three projects you recommended for deletion pending study, the Senate deleted one, funded one pending further study and deleted one pending further study.

Of the five projects recommended for modification the Senate has concurred in three.

2. The House added 14 unbudgeted new construction starts, and 6 new small reclamation loans. The Senate Committee accepted your recommendation for no new construction starts. (One project the Mississippi River, Baton Rouge to the Gulf project, remains in the Senate version on the thesis that it is a "resumption," not a new start). The Senate Committee accepted the House addition of 6 unbudgeted small reclamation loan starts.
3. The Senate added 31 new Advance Engineering and Design starts. These projects could eventually cost \$2.5 B. However, this is a reduction of \$2.5 B from the House bill. Your budget did not include any.

Attachments

Attachment A

CORPS OF ENGINEERS,
BUREAU OF RECLAMATION, TVABudget Authority
(\$ in millions)

	<u>1977</u>	<u>1978 Budget</u>	<u>Changes in 1978 House</u>	<u>Budget Senate</u>
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1/ Senate Committee has recommended rescission of \$12 M of 1977. funds for projects where it concurred with the President on deletions.

2/ Includes \$200M in Teton Dam disaster relief payments.

3/ Includes \$130M in drought relief payments.

Congressional Action on Presidential Water
Project Recommendations

Project	Pres.	House	Senate
Applegate Lake (COE)	D	F	F
Atchafalaya River (COE)	D	F	F
Bayou Bodcau (COE)	D	F	M
Cache Basin (COE)	D	F	F
Hillsdale Lake (COE)	D	F	F
LaFarge Lake (COE)	D	M	D
Lakfata Lake (COE)	D	F	D
Meramec Park Lake (COE)	D	F	D
R.B. Russell Dam (COE)	D	F	F
Tallahala Creek (COE)	D	F	F
Yatesville Lake (COE)	D	F	D
Columbia Dam (TVA)	D	F	F
Fruitland Mesa (BR)	D	F	D
Savery-Pot Hook (BR)	D	F	D
Grove Lake (COE)	D	D	D
Auburn Dam (BR)	DS	FS	FS
Narrows Unit (BR)	DS	F	DS
Oahe Unit (BR)	DS	F	D
Mississippi River, Gulf Outlet (COE)	M	M	M
Tensas Basin (COE)	M	F	M
Bonneville Unit (BR)	M	F	F
Central Arizona Project (BR)	M	M	M
Garrison Diversion (BR)	M	M	F

D=Delete

F= Fund

DS= Delete pending study

FS= Fund pending studies

M= Modify

House Unbudgeted Construction Starts

Corps of Engineers

Senate Changes in House Action Indicated
By Crossing Out

	<u>Purpose</u>	<u>1978</u> <u>BA</u>	<u>Total</u> <u>Estimated</u> <u>Federal</u> <u>Cost</u>
New Starts			
Port Everglades, FL	N	.5	22
St. Lucie Inlet, FL	N	1.0	4
Barbers Pt, HA	N	2.0	38
Honolulu Harbor, HA	N	.5	7
Milan, IL	LP	.4	6
Miss. River Ag Area 8,			
MO	AgF	.6	9
Ark-Red Chloride,			
Area X, OK		.3	4
Big Pine Lake, TX	M&I	.9	38
Clinton Small Boat			
Harbor, IA	N	.1	1
San Leandro Marina	N	.2	2
Resumptions			
Miss. River Baton			
Rouge to the Gulf,			
LA	N	2.2	75
-Subtotal-		\$ 8.7M	\$ 203M - House
Subtotal		\$ 2.2M	\$ 75M Senate

N= Navigation LP=Urban Flood Protection
 AgF=Agriculture Flood Protection
 M&I=Water Supply

Bureau of Reclamation

	Purpose	1978 BA	Total Estimated Federal Cost
<u>New Construction Starts</u>			
Animas-La-Plata, Colo.	I	-.7-	115.0
Uintah-Unit, Central-Utah	I	1.5	77.0
Upalco-Unit, Central-Utah	I	.7	35.7
<u>New Loan Starts</u>			
Westside Water Dist., Ca.	I	4.5	7.4
Hidalgo County Water Improvement District #1, Tex.	I	1.0	10.0
Whitney Irrigation Dist, Ne.	I	1.0	1.6
Joe Wright Reservoir Enlargement, Colo.	I	1.7	7.1
Kanawha Water Dist. #3, Ca.	I	.5	2.7
<u>New Rehabilitation and Betterment Project</u>			
Central Oregon Irrigation District	I	.4	1.5
Subtotal		12.0-M	258.0-M
Total New Starts (House)		21.0-M	470.0-M
Total New Starts (Senate)		\$11.3	\$105.0 M

I = Irrigation

House Unbudgeted Construction Starts

Corps of Engineers

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Clinton Small Boat			
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San Leandro Marina	N	.2	2
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Hidalgo County Water Improvement District #1, Tex.	I	1.0	10.0
Whitney Irrigation Dist, Ne.	I	1.0	1.6
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Cache Basin (COE)	D	F	F
Hillsdale Lake (COE)	D	F	F
LaFarge Lake (COE)	D	M	D
Lakfata Lake (COE)	D	F	D
Meramec Park Lake (COE)	D	F	D
R.B. Russell Dam (COE)	D	F	F
Tallahala Creek (COE)	D	F	F
Yatesville Lake (COE)	D	F	D
Columbia Dam (TVA)	D	F	F
Fruitland Mesa (BR)	D	F	D
Savery-Pot Hook (BR)	D	F	D
Grove Lake (COE)	D	D	D
Auburn Dam (BR)	DS	FS	FS
Narrows Unit (BR)	DS	F	DS
Oahe Unit (BR)	DS	F	D
Mississippi River, Gulf Outlet (COE)	M	M	M
Tensas Basin (COE)	M	F	M
Bonneville Unit (BR)	M	F	F
Central Arizona Project (BR)	M	M	M
Garrison Diversion (BR)	M	M	F

D=Delete

F= Fund

DS= Delete pending study

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M= Modify

New Construction Planning Starts (AE&D)

Senate Action indicated by crossing out of House Additions.

Project	BCR 06 3/8	Purpose	Authorization ^{1/}	1979 Appropriation (\$M)	Estimated Federal Cost (\$M)
Montgomery to Gadson Coosa River Channel					
AL	.3	N	Construction	.5	500
McKinney Bayou, AR, TX	3.6	FC	Construction	.1	4.8
Los Angeles - Long Beach Harbors, CA	8.1	N	Construction	.4	15.9
Santa Ana River, CA	1.4	FC	Phase I	.4	713.0
New London Harbor, CN	4.2	N	Phase I	.1	8.3
Brunswick Harbor, GA	1.8	N	Phase I	.3	39.0
Lewiston-Clarkston Bridge, ID, WA	--	--	Construction	.6	21.0
Big Swan, D&LD, IL	.7 *	AF	Construction	.1	7.9
Chicago Land Underflow Plan, IL	1.4	FC	Phase I	.5	1,340.0
Hartwell, D&LD, IL	.7 *	FC	Construction	.1	7.0
N. Branch Chicago River, IL	1.3	FC	Phase I	.2	29.8
Nutwood D&LD, IL	1.4 *	AF	Construction	.1	5.6
Scott County D&LD, IL	.7 *	AF	Construction	.1	9.0
Little Calumet River IN	2.6	FC	Phase I	.2	85.1
Evansdale, IA	1.2	FC	Construction	.1	2.6
Falmouth Lake, KY	1.4 *	FC	Construction	.2	100.5
Grand Isle and Vicinity, LA	1.9	FC	Construction	.1	7.5
Jonesport Harbor, ME	1.6	N	Construction	.1	4.7
Phillips Lake, MA	1.3	FC	Construction	.2	13.0
Pleasant Bay, MA	--	N	Construction	.1	17.4
Chaska, MN	1.1	FC	Construction	.2	10.5
Yazoo River, MS	1.3 *	N	Construction	.1	129.0
Cape May Inlet to Lower Township, NJ	3.1	N	Phase I	.1	19.3
Liberty Park Levee and Seawall, NJ	--	Park	Construction	.3	12.6
Passaic River Basin, NJ	1.06	FC	Phase I	1.0	785.0
Ardsley, NY	1.05	FC	Construction	.1	1.8
Shooters Island, NY	--	N	Construction	.4	53.0
Wallkill River, NY & NJ	2.2	AF	Phase I	.1	17.7
Williston Water Intake, ND	--	FC	Phase I	.1	1.0
Cleveland Harbor, OH	7.9	N	Phase I	.3	27.5
Geneva on the Lake, OH	1.3	N	Construction	.2	1.4
Big and Little Sallisaw Creeks, OK	3.8	N	Construction	.1	.8
McNary Second Power- House, OR, WA	2.4	P	Phase I	1.2	500.0
Siuslaw River and Bar, OR	1.5	N	Phase I	.1	17.2
Clarion River Basin Acid Mine Drainage, PA	NA	--	Phase I	.2	50.0
Hay Creek, Birdsboro, PA	NA	FC	Construction	.1	1.8
Presque Isle, PA	1.5	BE	Phase I	.2	18.8
Bristol Harbor, RI	2 *	N	Construction	.1	2.7
Wyoming Valley, PA	1.2	FC	Phase I	.3	45.3
Neches River, Salt- Water Barrier, TX	1.8	--	Construction	.1	14.3
Baytown, TX	1.1	FC	Construction	.2	15.7
Brazos River Natural Salt Pollution, TX	1.3	--	Phase I	.1	53.8
Elizabeth River, S. Branch, VA	2.2	N	Construction	.1	4.1
Richmond, VA	1.9	FC	Phase I	.1	41.5
Richmond Filtration Plant, VA	1.7	FC	Construction	.1	4.6
Lower Snake River Fish and Wildlife Compensation, WA, ID, OR	1.5	--	Construction	1.5	58.4

Project	BCR @6 3/8	Purpose	Authorization ^{1/}	1979 Appropriation (\$M)	Estimated Federal Cost (\$M)
Blair and Sitcum, WA	1.9	N	Construction	.1	18.4
Willapa River, WA	2*	FC	Construction	.1	1.7
Harris Fork Creek, KY					
IN	1.4	FC	Construction	.2	5.0
Nonconnah Creek and Horn Lake Creek, TN					
MS	1.5	FC	Phase I	.3	66.0
St. John's Bayou and New Madrid floodway, MO	3.0	FC	Phase I	.2	21.9
				12.7	
			-Subtotal-		4930.0 House
			Subtotal		2380.0 Senate

^{1/} Authorized for Construction means that projects can be built
 Authorized for Phase I means that the project must be authorized for
 Construction at a later date

* Legal discount is 3 1/4%, project BCR above 1 at this rate

Bureau of Reclamation Planning Starts

Project	BCR @6 3/8	Purpose	Authorization ^{1/}	1979 Appropriation (\$M)	Estimated Federal Cost (\$M)
Allen-Camp Unit, Ga.	1.14	Irr.	Construction	.3	64.2M
McGee Creek, Okla.	unk.	M&I water	Construction	.5	83.2M
			Subtotal	.8M	\$147.4M House

ADDED BY SENATE

CORPS OF ENGINEERS

Rio Grande and Tribes., NM	FC	Construction	.1	36.0
Santa Fe and Arroyo Mascaras, NM	FC	Construction	.1	3.6
Lock Haven, PA	FC	Construction	.1	30.2
Charleston Harbor, SC	N	Phase I	.2	32.5
Oceana, WV	FC	Construction	.2	3.0

BUREAU OF RECLAMATION

Chief Joseph Dam, Oroville Tonasket Unit, WS	I	Construction	.4	39.4
		Total House		\$5077 House
		Total Senate		2522 Senate

THE WHITE HOUSE
WASHINGTON

July 15, 1977

The Vice President
Secretary Bergland
Secretary Blumenthal
Stu Eizenstat
Hamilton Jordan
Frank Moore
Jack Watson
Charlie Schultze
Bob Strauss

The attached was returned in the
President's outbox and is forwarded to
you for your information.

Rick Hutcheson

RE: SUGAR POLICY

THE WHITE HOUSE
WASHINGTON

cc Bayland
Blumenthal

ACTION	FYI
<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input checked="" type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input checked="" type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Jack Watson concurs, and adds that "we should arrange for appropriate members of Congress to voice immediate support and to state that Congress should take no further action."

Rick

THE PRESIDENT'S OFFICE

THE WHITE HOUSE

WASHINGTON

July 7, 1977

*Not yet - but
Keep me informed
J*

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *lyn*

SUBJECT: Sugar Policy

Since your decision in early May to deny import quotas for sugar, as recommended by the International Trade Commission, and to seek instead to negotiate an international sugar agreement, coupled with a temporary domestic payment program, two things have happened which have caused us to reassess the situation:

- (1) Most important, the price of sugar has materially weakened. In late April, the New York price of raw sugar peaked at 13.4 cents per pound. It has been falling intermittently ever since and is now below 10 cents. At the time of your decision, we had expected the market price to remain within the 2 cent payment limit of our 13.5 cent price objective, at least over the next few months. It is now well below that level.
- (2) The initial round of negotiations in Geneva failed to reach agreement. A working group will meet later this month to determine whether there is sufficient reason to renew negotiations later this fall. The State Department is relatively optimistic over the prospect of reaching an accord, though the odds are still no better than 50/50.

The combination of lower sugar prices and temporarily stalled negotiations has led to increased pressure for Congressional action. Senator Dole attached an amendment to the Senate agricultural appropriation bill to limit payments to \$50,000. Adoption of this limit would effectively kill the program since it would eliminate about 40% of all payments. Hawaii would be hardest hit, foregoing nearly all its estimated \$40 million in payments. Though we are fairly confident this amendment will be eliminated in conference, there will be

**Electrostatic Copy Made
for Preservation Purposes**

further efforts to cripple the program or replace it with a more protectionistic program when the farm bill reaches the House floor July 19th. Under procedures specified in the Trade Act, the Congress has until late this year to override your decision not to adopt restrictive import quotas. Several members, including Senator Dole, are prepared to seek an override.

As a result of these Congressional actions, we have met with Bob Bergland, Bob Strauss, and Jules Katz to reassess our options. This group has concluded that the policy you announced in early May remains the best option and that we should redouble our efforts to avoid any Congressional action that would undermine its chances of success.

However, the group also concluded that if we are to avoid having the program thrown out by the Congress or overthrown by court action, it might be necessary to supplement the program with a tariff sufficient to maintain a market price of around 11.5 cents. Though we do not recommend the imposition of a tariff at this time, we believe an indication of our willingness to take such action would both reduce pressure for Congressional action and would improve chances for negotiating a satisfactory international agreement. After indicating our willingness to take such steps, we would await results of the next round of international negotiations before recommending further actions.

Beyond the positive effects we believe this would have on the Congress and the international negotiations, it avoids the appearance of vacillation or retreat by the Administration. It is entirely consistent with your earlier decision. Namely, that the best long term solution is a workable international sugar agreement buttressed by administrative actions designed to keep domestic producer prices from falling below 13.5 cents (sufficient to cover production costs of the more efficient beet and cane producers).

We recommend that you concur with this suggestion, which was endorsed by Bergland, Strauss, and Katz.

DECISION

_____ Agree

_____ Disagree

Charlie Schultze feels that we should simply say, "we are considering such tariff action and will make a decision after the international negotiations are concluded". Secretary Blumenthal suggests that "we informally indicate that we are seriously considering unilateral action if the negotiations do not succeed".

ECONOMIC POLICY GROUP
Washington, D. C. 20500

July 11, 1977

MEMORANDUM FOR STUART EIZENSTAT

FROM: JAMES M. MURPHY, JR. *gm*

SUBJECT: SUGAR POLICY

In Ernie Preeg's absence I am responding to your request for comments on your July 7 memo to the President on sugar policy.

- The second full paragraph on page 2 states: "Though we do not recommend the imposition of a tariff..." This seems to imply that there is not currently a tariff when in fact there is a tariff of 1.875 cents per pound. It should be made clear that an increase in the current tariff is being considered, a tariff that was tripled from .625 cents to 1.875 cents on Sept. 21, 1976.
- It is my understanding that an increase in the tariff above 1.875 cents would likely be challenged as a violation of our GATT agreements. If unsuccessful in defending the increase, the U.S. would have to pay compensation to injured parties.
- The third paragraph on page 2 states: "It is entirely consistent with your earlier decisions." The subsidy program's appeal was that it was not trade restrictive, did not interfere with normal market operations, and did not raise consumer prices. Increasing the tariff does all three and, hence, does not seem entirely consistent with the earlier decision.

THE WHITE HOUSE

WASHINGTON

Date: July 12, 1977

MEMORANDUM

FOR ACTION:

Frank Moore

Jack Watson *concur ; we sh*

FOR INFORMATION:

Vice President

Hamilton Jordan

Charlie Schultze *NC*

Bob Strauss

Ernie Preeg

Michael Blumenthal

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat/Daft memo dated 7/7/77 re Sugar Policy.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

DAY:

DATE:

IMMEDIATE TURNAROUND

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

July 7, 1977

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FROM: STU EIZENSTAT
LYNN DAFT

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The combination of lower sugar prices and temporarily stalled negotiations has led to increased pressure for Congressional action. Senator Dole attached an amendment to the Senate agricultural appropriation bill to limit payments to \$50,000. Adoption of this limit would effectively kill the program since it would eliminate about 40% of all payments. Hawaii would be hardest hit, foregoing nearly all its estimated \$40 million in payments. Though we are fairly confident this amendment will be eliminated in conference, there will be

further efforts to cripple the program or replace it with a more protectionistic program when the farm bill reaches the House floor July 19th. Under procedures specified in the Trade Act, the Congress has until late this year to override your decision not to adopt restrictive import quotas. Several members, including Senator Dole, are prepared to seek an override.

As a result of these Congressional actions, we have met with Bob Bergland, Bob Strauss, and Jules Katz to reassess our options. This group has concluded that the policy you announced in early May remains the best option and that we should redouble our efforts to avoid any Congressional action that would undermine its chances of success.

However, the group also concluded that if we are to avoid having the program thrown out by the Congress or overthrown by court action, it might be necessary to supplement the program with a tariff sufficient to maintain a market price of around 11.5 cents. Though we do not recommend the imposition of a tariff at this time, we believe an indication of our willingness to take such action would both reduce pressure for Congressional action and would improve chances for negotiating a satisfactory international agreement. After indicating our willingness to take such steps, we would await results of the next round of international negotiations before recommending further actions.

Beyond the positive effects we believe this would have on the Congress and the international negotiations, it avoids the appearance of vacillation or retreat by the Administration. It is entirely consistent with your earlier decision. Namely, that the best long term solution is a workable international sugar agreement buttressed by administrative actions designed to keep domestic producer prices from falling below 13.5 cents (sufficient to cover production costs of the more efficient beet and cane producers).

We recommend that you concur with this suggestion, which was endorsed by Bergland, Strauss, and Katz.

DECISION

_____ Agree

_____ Disagree

Charlie Schultze feels that we should simply say, "we are considering such tariff action and will make a decision after the international negotiations are concluded". Secretary Blumenthal suggests that "we informally indicate that we are seriously considering unilateral action if the negotiations do not succeed".

Date: July 12, 1977

MEMORANDUM

FOR ACTION:
Frank Moore
Jack Watson

FOR INFORMATION:
Vice President
Hamilton Jordan
Charlie Schultze
Bob Strauss
Ernie Preeg
Michael Blumenthal

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat/Daft memo dated 7/7/77 re Sugar Policy.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME:

DAY:

DATE:

IMMEDIATE TURNAROUND

ACTION REQUESTED:

☒ Your comments

Other:

Agreeing with the recommendations, I would add that we should
arrange for appropriate members of Congress to voice immediate
STAFF RESPONSE: support and to state that Congress should take no
_____ I concur. _____ No comment. further action.

Please note other comments below:

*Jack
Watson*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: July 12, 1977

MEMORANDUM

FOR ACTION:
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TIME:

DAY:

DATE: IMMEDIATE TURNAROUND

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☒ No comment.*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

July 11, 1977

MEMORANDUM FOR THE HONORABLE STUART EIZENSTAT
ASSISTANT TO THE PRESIDENT FOR
DOMESTIC AFFAIRS AND POLICY

Subject: Sugar Policy

I agree that additional steps are needed to meet our target of 13.5 cents as the minimum for U.S. sugar producers.

I would, however, suggest two slight modifications of the proposal included in your memorandum of July 7:

- That we wait until the next round of international talks is concluded, which I understand will be on July 30, before announcing a formal position on additional action. We will then know whether an international agreement is likely, and thus whether additional U.S. action is needed.
- Meanwhile, that we informally indicate that we are seriously considering unilateral action if the international negotiations do not succeed. This would meet the domestic problem without committing us to any particular step.

This approach should maximize our negotiating leverage in the upcoming negotiations, and satisfy the domestic industry that their problems will be met through either international or domestic steps.

W. Michael Blumenthal